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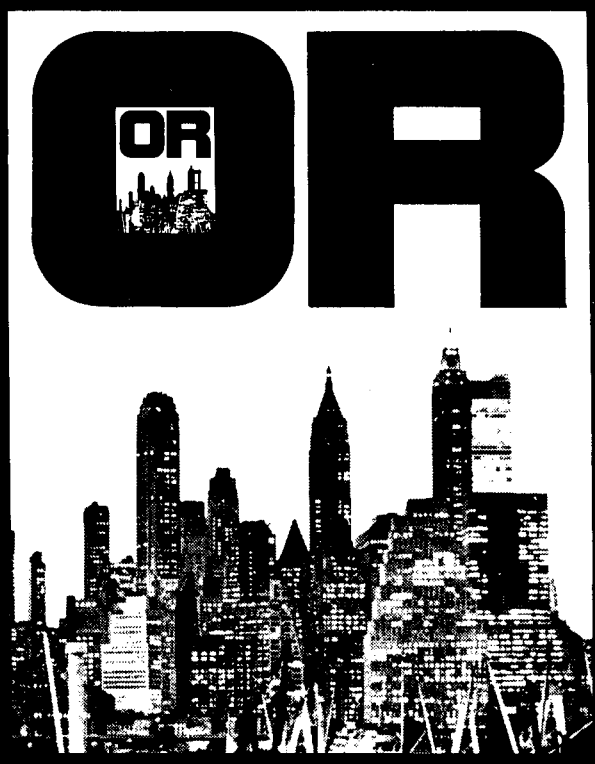

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Address comments, manuscripts (please include a self-addressed return envelope *with* postage), and subscription orders to P O Box 6151, Santa Barbara, California 93111

REASON is published monthly by Reason Enterprises, 294 Via El Encantador, Santa Barbara, California 93111. tel: 805-964-4131

Single copies, $0.75; special issues, $1.25. Subscriptions: one year (12 issues) in the United States, $7.50; 2 years, $14.00; 3 years, $20.00 (Canada and Mexico, add $0.50 a year). Other countries, one year, $9.00; 2 years, $17.00; 3 years, $24.50

Second-class postage paid at Santa Barbara, California, and at additional mailing offices

All artwork except that on p. 12 by Louise Price

Cover by James Garrison

Photos pages 7 and 20 by Lynn Kinsky

Photo on p.29 from *ARCOLOGY*, MIT Press, 1970; used by permission.

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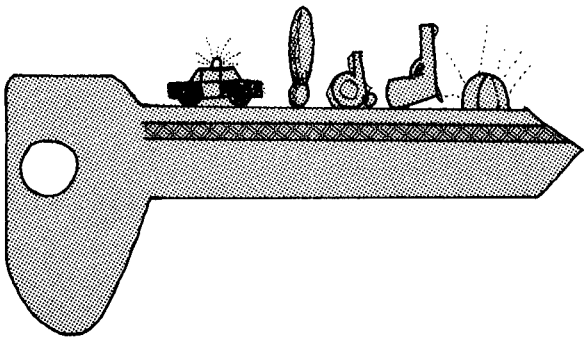


contracts– key to urban rebirth

robert poole, jr

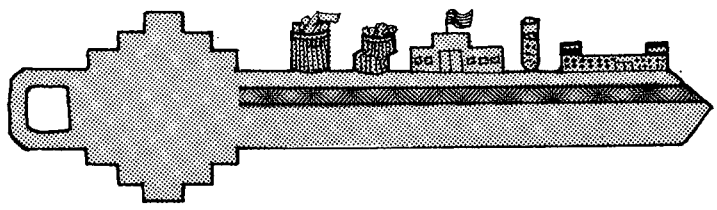
It is widely acknowledged that our urban areas, and in particular our central cities, are in serious trouble. As the quality of public services in the city degenerates, more people flee to the suburbs, depressing city property values and weakening the tax base. Yet rising costs of government generate ever larger tax levels, which further hasten the flight to the suburbs. The suburbs, too, are in serious trouble. As more and more people arrive there seeking relief from high taxes, seeking peace and quiet, clean air, and open space, local public services become strained to capacity, necessitating tax increases. The glut of people drives land values skyward, causing high density housing to be built, taking away once prized open spaces. As crowding sets in, crime increases, pollution appears, and a new wave of out migration —to still further suburbs—begins. All the while the government officials left behind cry out for more revenue, hoping to tax the suburbs or the commuters, or to "federalize" certain of their programs, or to "revenue share" with their ever generous Uncle in Washington.

This discouraging cycle of flight and decay has been going on at an ever increasing pace since World War II, but during the late '60's and early '70's it has become especially pronounced. Costs of local government are increasing at rates of better than 10% *per year* in many areas. In New York City, the six years of the Lindsay regime have seen expenditures rise by 136%. [1] New York City's current budget is $8.8 billion, ten times the budget of Chicago, which has 43% as many people. And yet New Yorkers complain vociferously about the abominable quality of public services [see "Block Associations in Fun City" on p. 12 of this issue].

Although New York is admittedly an extreme case, it is likely a harbinger of things to come across the country. New York has set the pace for unionization of municipal employees, leading to the highest pay scales of any government in the country (including the federal government). And since labor costs account for more than half of the city's operating budget, it is easy to see why the budget keeps increasing. As unionization spreads to municipal employees elsewhere (including police and firemen), the existing financial plight of U.S. cities is bound to worsen. Already tax revolts are occurring in California cities, as citizens reach the limit of their patience with the runaway cost of local government.

NONSOLUTIONS

As noted above, politicians of all stripes appear to think that the answer lies in making more money available to local government from "somewhere": the suburbs, the state, or Washington. Besides the fallacy of composition involved here (if *all* cities look to "Washington" to take care of welfare, for example, where is "Washington" supposed to get the money?), the proponents of such measures have no answer to the question of *how much* more money would solve the cities' crisis. All they can do is ask for more and, when that has been spent, ask for still more. But to solve a problem, one must look beyond the symptoms. Our cities' and suburbs' lack of money is not the *problem*—rather, it is a symptom of more fundamental problems, problems involving the basic nature of the agencies which provide our local public services of law enforcement, adjudication, fire protection, education, utilities, etc.



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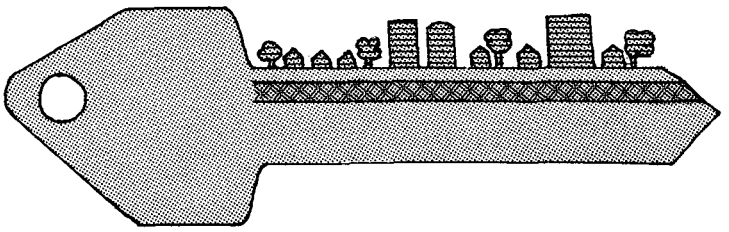

Unlike most services, those which are designated "public" are provided not by business enterprises but by government bureaucracies. This is no minor difference; a business enterprise, because it is organized in hopes of returning a profit to its investors, must marshall its resources with utmost care and make rational decisions with reference to well-defined goals and objectives. All of these attributes are missing from public bureaucracies.

Moreover, if a service enterprise does not provide acceptable service to its customers, they are free to patronize other suppliers, and such competitors are free to organize at any time. But with forced funding via taxation, and a legal monopoly in providing its services, a government bureaucracy provides no such options to its "customers". The basic feedback mechanism of consumer choice, expressed via the price system, is missing from public services. As a result, rather than seeking to meet consumer demands in a cost-minimizing way, government agencies become dedicated largely to self-enhancement, subject only to occasional political pressure and temporary budget ceilings. The result, predictably, is escalating costs for deteriorating levels of service.

None of this is news to students of the free market. It has long been acknowledged, by all but die-hard leftist ideologues, that the market, with the feedback and discipline of the price system, provides the most efficient and effective way to produce both goods and services. It isn't just ignorance that prevents most public services from being offered on the market. Through long acceptance of tradition, it never occurs to most people to demand an alternative to governmental monopolies. Many public services are looked upon as "natural monopolies," and as long as the government is the monopolist, most people never consider any alternative. All of which certainly works to the advantage of those whose livelihood depends on the continued existence of these bureaucracies. The ***entire political system***, with its reward structure of power and prestige, depends on the continuation and expansion of the sphere of government monopolies. Between this incentive to preserve the status quo and the public's studied indifference, it is easy to see why there has been no rush to introduce market mechanisms into the public services.

Yet if the cost-tax-flight cycle is ever to be broken, and some sort of sense of order and community restored, it is clear that the discipline induced by profit-seeking, businesslike organization ***must*** be introduced into the public services. Moreover, from an ethical standpoint, the coercion involved in enforcing monopolies on people must be terminated. The question, then, is how best to accomplish this, given the present dominance of the field by professional bureaucracies. The remainder of this article explores several mechanisms for accomplishing this.

CONTRACTING FOR PUBLIC SERVICES

The deepening fiscal crisis of local government provides the opening wedge by which entrepreneurs can begin to topple the public service monopolies. As noted earlier, revenue sharing and other share-the-wealth schemes, even if enacted, will not solve the cities' financial problems (although they may disguise the symptoms for a few years). Rising costs will eventually threaten to get completely out of hand, to the point where city administrators will be willing to listen to (almost) any plan for relieving the pressure. At this point, the entrepreneur should be ready with an offer to take over a specific public service function, on a ***contractual*** basis, for a specific period of time (e.g., one or two years). In exchange for a free hand with personnel and other management policies, and complete control over the internal cost structure, he and his firm will agree to take over and run the department, for a specific price, say 25% less than the current budget. The contract would contain certain minimum performance standards but would otherwise leave the firm free to innovate, so as to do the job in the most efficient way. Such contracts could revolutionize the delivery of public services.

The cities where such contracts exist today bear out this point. Garbage and trash collection in many cities are handled contractually, sometimes by means of franchises to more than one firm. One of the more notable examples of completely private garbage collection occurs in San Francisco, where the per capita cost is one fifth that of New York's Sanitation Department [***REASON***, September 1971, p. 28]. Another well-known contractual public service occurs in Scottsdale, Arizona. There, the Rural/Metropolitan Fire Protection Company has a

contract with the city (population: 65,000) to provide fire protection services on an annual fee basis. Using cost-effectiveness criteria and sound business methods, the company is able to provide high-quality service for one third of the cost of comparable fire protection in cities the same size [2].

Contract law enforcement [see "Rent-a-Sheriff," p. 14, this issue] provided by one government agency to the citizens of another jurisdiction, currently exists in 55 California cities, generally in the form of contracts between individual cities and the County Sheriff. Similar contracts exist in Atlanta and Fulton County, Georgia, on a city to county basis and by means of the "resident trooper plan" in 46 Connecticut towns [3]. As James Q. Wilson points out in his article, there is no inherent reason why the same type of contract could not be signed between a city and a private firm (e.g., Burns or Pinkerton) to provide a defined level of law enforcement services.

The existing contract law enforcement programs, even though provided by government bureaucracies, still ***save*** the recipients money. This is due to the economies of scale inherent in having a large agency serving many clients; all the "overhead" functions (crime lab, communications, records, etc.) are shared over many users, instead of having to be duplicated for each city. Thus, a private law enforcement firm would probably want to follow this pattern, by contracting with a number of cities, especially if they were small communities. The combined savings from economies of scale and private enterprise management could be quite significant.

Thus, the pattern for contractual performance of public services already exists. It is merely a case of applying the concept to more situations. One of the more recent innovations has been performance contracting in education [see ***REASON***, March 1972, p. 30]. In these contracts, a private firm takes over a school or a particular subject in a school, with the payment being dependent on how much the students' performance improves. In another context, former IBM manager of urban systems E.S. Savas, now serving as First Deputy City Administrator of New York City, recently suggested that the city issue ***refuse collection vouchers***, which the citizens could use to pay any trash collector, private or public, as a means of breaking the Sanitation Department's untenable monopoly on the citizens' money. This was only one of a number of Savas' suggestions for attacking "municipal monopolies" in his recent ***HARPER'S*** article [4].

REVOLUTIONARY IMPACT

In the ethereal realm of the political/economic theoretician, contracting out public services sounds like a trivial reform. After all, the political structure is still intact, the system is still financed by coercive taxation, the standards are still set by government administrators rather than by market demands. Yet in the real world of cities and politics, such a step seems almost revolutionary. To adopt such contracting, a city government acknowledges that the bureaucratic mode of production of services is a failure, and that outsiders—upstart entrepreneurs—can do a better job than professional public servants. That the First Deputy City Administrator of New York City should be conceding this point is a highly significant indicator of the depth of the problem and of the inevitability that, sooner or later, the realities of the situation will be faced. Furthermore, once people begin to see that individual public services are no different from any other services, and that they can be supplied more efficiently by private companies, the stage will be set for further extensions of the free market in solving urban problems.

Contracting for public services via the existing government structure will go a long way toward alleviating the current fiscal crisis facing many urban taxpayers. Fire, police, sanitation, water, sewage, and school systems can all be contracted out to private firms relatively easily, both in central cities and in suburban area. Where this is done, it will have a significant effect, both reducing costs and improving service levels. Still, many cities may find it politically impossible to take this step; still others may be too far advanced into total decay to attract any entrepreneurs to provide such services. In addition there is a whole class of environmental problems that will not be solved by contracting for public services. For these reasons, a broader look at the market for public services must be taken, to consider more thoroughgoing applications of the contractual principle.

ENVIRONMENTAL MARKETS

Of all the demands expressed in the marketplace, none has been so poorly put forth or so unsatisfactorily supplied as the demand for a good environment. As mentioned earlier, this demand is one of the factors (along with high taxes) motivating the migration to the suburbs. Yet in another example of the fallacy of composition (or the tragedy of the commons), when enough people move to the suburbs, the very qualities they are seeking (natural beauty, open space, clean air, etc.) tend to disappear. The result is that an ever increasing portion of the countryside gets paved over and built up, with an ever increasing turnover as more people attempt to reacquire the lost amenities of country life.

What has gone wrong? Why isn't this demand being met effectively by the market? A good part of the blame may be traced to the nature of the political - economic system of our suburban areas. For in fact, these areas are not "free markets" but "mixed economies"—thoroughly interwined mixtures of private enterprise (land sales, construction, retail trade, home ownership) and government (roads, zoning, sewage systems, parks). Despite the existence of zoning laws and governmental planning bodies, whose alleged purpose is to protect environmental values, the fact that adjacent properties are under the control of hundreds of ***different*** people, each seeking ***his own*** ends, works against any positive effects of governmental planning and zoning. Indeed, the ***ineffectiveness*** of zoning as a means of preventing the imposition of external costs on others has been well documented recently [see "Trends," p. 32 in this issue] . By its nature as a political tool, zoning is subject to frequent abuse; in addition, it is often unrealistically rigid and simple-minded in its attempts to legislate good environmental design. Furthermore, both planning and zoning by government are subject to hard-won limitations designed to protect people from the arbitrary taking of their private property.

DESIGNED COMMUNITIES

Despite these constraints the market is in fact slowly responding to the failure of our suburban mixed economy to provide a good environment. On a small scale, housing developers are beginning to design entire subdivisions ***as a whole***, with environmental considerations given important consideration. Second-home communities like Sunriver, Oregon, and Sea Ranch , California, have skillfully applied these principles on land areas of about 5000 acres. Both are located in rural areas of great natural beauty. A person buying a lot automatically becomes a member of the property owners' association, which owns the common areas. Over 50% of the land at Sea Ranch will be preserved in this

Sea Ranch, California

manner. Included in the common facilities are the private roads, trails, recreation facilities, and underground utilities (including cable TV). A private security force protects the privacy and property of all the residents. Thus, the market is responding to environmental demands far more effectively than government planning and zoning can do.

The lesson of these rather small-scale ventures has not been lost on large land developers and major corporations. One of the hottest growth industries of the '70's is likely to be the development of **new towns**—entire cities, not just vacation or residential communities. A new town is designed and master planned from the ground up, rather than having its growth and development left to the forces of the suburban mixed economy.

The new town idea orginated with Ebenezer Howard, author of the classic ***GARDEN CITIES OF TOMORROW***, in the late 19th century. But it was not until after World War II in Europe that the idea began to take hold in earnest. Many new towns were developed by the British government, with mixed results. Probably the most successful new town in Europe is the privately-developed Tapiola in Finland. Besides possessing a remarkably good environment, Tapiola boasts unique design features, including a central heating system utilizing the waste heat from the city's power plants. [5] . Architect Alfred Boeke of Oceanic Properties (developer of Sea Ranch) says of Tapiola, "Private initiative in a democracy has achieved a magnificent urban environment . . . the maturity of the concept and the beauty of every detail places Tapiola first among man's contemporary community developments." [6]

U S NEW TOWNS

In the United States, meanwhile, the market for large scale new towns is growing rapidly, spurred on by the failure of both cities and suburbs to provide a

The new town of Tapiola, Finland

good environment. Ads for Kaiser's 95,000-acre Rancho California development stress that "It hasn't been mindlessly bulldozed, black-topped, or stuccoed. It hasn't been turned into a crazy-quilt of instant suburbs . . . . there's been development . . . but it doesn't stick out like a sore thumb. That's the whole idea." The giant Irvine Ranch in sprawling Orange County, California, is being developed by the Irvine Company into a group of communities and industrial parks permanently set among large areas of open space. Irvine is the largest of the American new towns, comprising 130 square miles.

The most famous new towns, Reston, Virginia, and Columbia, Maryland, have survived their infancy and early financing problems and are starting to develop into real (and profitable) communities. Reston, with 11,000 residents and 34 companies, is soon going to be the home of a "community study center," as part of Virginia Polytechnic Institute, which "will be a focal point for research, planning, development, management, and operation of new communities. It will include a school for training new-city personnel —now in short supply". [7] Columbia, too has succeeded, with 20,000 residents and 44 plants, including a huge new GE "appliance park." Like most new cities, Columbia's houses are grouped into small villages, with all underground utilities, winding streets, and lots of green space; all the industries are grouped into industrial parks. Among Columbia's unusual features is a voluntary, citywide health insurance plan, headquartered in a central clinic run by Johns Hopkins Medical School. [8]

Now that the basic concept has been proven and is making money for the pioneers, giants of American industry are getting into the new town business. Gulf Oil rescued Reston from financial failure in 1967 and is now making money; and now McCulloch Oil has begun building 12,000-acre Fountain Hills near Scottsdale, Arizona. Fountain Hills is planned for 70,000 residents, with 25% of the land reserved for open space and recreation. Even aerospace companies are getting into the act. Boeing recently announced plans to develop a 100,000-acre tract in northeastern Oregon that it has leased until 2040 [9]. Boeing plans to convert the largely desert land into an agricultural community. Cooling water from a soon-to-be-built nuclear power plant, instead of being returned to pollute the Columbia River thermally, will be used for year-round irrigation of the land. To enrich the soil, Boeing has contracted with a consortium of Portland waste disposal firms to recycle garbage and sewage sludge into the irrigated desert soil. Farming, food-processing, and related industries will be developed, along with a community of 10,000 residents, all master-planned by Boeing systems management experts. [10]

What the planned city does, of course, is accomplish the alleged objectives of government planning and zoning but without coercion and without politics. Moreover, because the developer has a financial stake in providing a good environment, he takes great pains to conduct detailed advance planning. The harmful externalities of incompatible land use are internalized when the entire community is planned as a whole. People can buy a home with some degree of confidence that the green meadows, forests, trails, etc. that are nearby will ***remain*** nearby, rather than being bulldozed away to build more houses. Schools and stores can be within walking distance in pre-planned villages which won't sprawl outward 10 years later, leaving behind a decaying downtown. In short, the developers of new towns have found that there ***is*** a market for good environments. Columbia, Maryland, made $3.6 million for the Rouse Company in 1971; property sales at Irvine and Sea Ranch are booming.

ENTER GOVERNMENT?

One question remains, however. Once the lots are all sold and the developer has recovered his investment, what happens to the new town? Thus far, the answer is somewhat discouraging. Irvine Company planners

have recently incorporated Irvine as a (political) municipality, and the first government has been elected. Rouse Company has already turned over school property, roads, and other facilities to the county government, although it plans to maintain them itself. The Columbia Association is still dominated by the company, but by 1980 will have become an elected government.

Despite the long U.S. heritage of local self-government and hostility to "company towns," these moves may well turn out to be a profound mistake. The introduction of a political process, displacing professional management, could well lead to the evolution of all the standard metropolitan ills. Once politics becomes a factor, the stage is set for the development of special interest groups, manipulation, influence peddling, and the like. Before long, the new town's zoning will become a political matter, with all that politics entails. In short, despite the advantage of a rational beginning, the new towns run the serious risk of losing their designed-in benefits via the evolution of political government.

We have seen historically how the ideals of municipal planning and zoning invariably become perverted by political power. In the name of protecting property rights, a majority or their alleged representatives are given the legal power to use ***force*** against individual porperty owners who are deemed nonconforming, whether or not their use of their property is causing harm to others. The political mechanism provides, at best, a very tenuous protection of one's property and environment (and, in many cases, becomes the means for its destruction). The security that the residents thought they were buying, in moving into a new town, may become an illusion if put in the hands of a political body. Ten years later, what is to prevent the town council from bowing to pressure to allow an office building in the green belt? Such moves are as likely as the granting of zoning variances in today's unplanned communities. The grand dream of a planned, protected community could easily slip away.

AN ALTERNATIVE TO POLITICS

What alternative is there to introducing political government in new towns? What sort of device do people use in other contexts to guarantee performance and to protect specific rights? That device is the **contract**, freely entered into, which binds both parties for the term agreed to. Just as contracts with profit-seeking companies provide incentives to ensure more efficient delivery of public services, so a contract between a resident and a profit-seeking proprietor provides incentives for preservation of property values.

The use of contracts as the basis of a community has been explored in detail by Spencer H. MacCallum in his book *THE ART OF COMMUNITY* [see the book review, p. 25 in this issue]. MacCallum sees the function of land developers as not just the creation of new values, in the form of communities, but the ongoing development and management—for profit—of such communities. In order to retain the incentives and control properly to manage the proprietary community thus created, the developer /manager would likely retain title to all the land, rather than just the roads and common areas. Residents would be able to sign long-term lease contracts which, considering the length of time most people stay in one house today, would be in many ways equivalent to today's "ownership" via mortgages. The leasing contracts would spell out precisely the proprietor's responsibility to maintain certain environmental features and values, for the life of the contract. The contractually-agreed upon monthly fee would include the costs of all services, which the proprietor would provide, possibly via contracts with specialized outside companies. Because of the long terms of some of the leases, the proprietor would have an incentive to keep his operating costs low. Yet because of the turnover of residents, his contractual obligations, and the opportunity to continue to increase property values, he would have incentives to keep the service level high and the environment in good shape.

Contrast the operation of a proprietary new town with that of a politically governed new town. As

"I see no reason why you can't have privately financed entrepreneurial cities of 400,000 people." Herbert Holloman, former Assistant Secretary of Commerce for Science and Technology.

MacCallum points out, the management of a proprietary community, in contrast to the "sovereign" government, has the authority of ownership to use in planning and administering the community The sovereign's power of force is an entirely different kind of authority—it is ***not*** the alleged authority to force others to make certain uses of ***their own*** property. The role of proprietor, vis à vis each and every resident, is clearly spelled out by the contracts; there are no ***degrees*** of responsiveness based on political influence. Nor can the individual resident's use of his (leased) property come into conflict with that of his neighbor's or with the plans of the proprietor, since all such uses are spelled out in advance in the contracts. The contracts, voluntarily entered into, make possible a degree of social cohesion and harmony that is unheard of under political management.

THE PROTOTYPES

Walt Disney World in Florida [see box below] is a 27,000-acre proprietary community, which will eventually house a 20,000 resident Experimental Prototype Community of Tomorrow, in addition to the current amusement park and recreation areas. Disney World has a municipal charter from the state of Florida, thereby exempting it from the political jurisdiction (and taxes, zoning laws, and building codes) of any adjacent municipalities. [11] The Disney organization provides the basic public services itself but has contracted with outside companies such as Gulf Oil and GAF, to provide various other products and services on an exclusive basis. Some two dozen firms have paid handsomely to be the exclusive suppliers of such services and to use this fact in their advertising. [12] In the absence of political zoning and building codes, Disney and U.S. Steel are turning out modular buildings from an on-site automated plant.

Century City in Los Angeles and the Prudential Center in Boston are both large urban commercial and residential complexes, under a single ownership which leases space to tenants and provides all necessary services as part of the leasing contract.

DISNEY'S NEW TOWN

. . .The truth of the matter is that the only New Towns of any significance built in this country since World War II are Disneyland, in Anaheim, California, and Disney World, in Orlando, Florida. Both are "New," both are "Towns," and both are staggeringly successful . . . .

Only the Disney people (of all the daring New Town planners in the United States) have constructed entirely new mass-transit systems. Only the Disney people have built lakes and lagoons, artificial surf and waterfalls; only they are building, at Disney World, four miles of new beaches . . . and only they have built, also, housing, stores, golf course, stables, nature trails and camping grounds—while not at all bankrupting themselves or the taxpayers (whoever they may be) but getting richer and richer, and making the people of Florida and southern California and the world happier and happier.

All the extraordinary technical innovations introduced in Disney World as a matter of course have been known to every U.S. urban designer for decades; unhappily, however, nothing can ever get done in New York because there are too many people gainfully employed in the city bureaucracy whose function it is to figure out why something unprecedented will never work . . . .But at Disney World there was no such gainfully-employed bureaucracy, and so they installed (for example) a city-wide, underground vacuum-cleaner system with ducts that run under the streets, surfacing now and then to become garbage chutes which suck in all garbage through pneumatic tubes to a central compacting and garbage disposal plant.

What all this suggests, to repeat, is that the time has come to lease Manhattan (and selected portions of other boroughs) to Walt Disney Productions, under some sort of management contract . . .With Manhattan operated by the Disneys, we might even persuade those Indians to come back and live here. But with Manhattan operated by our present urban design experts, all the rest of us may soon be selling out, just as the Manhattan tribe did in 1626.

Excerpted from "Mickey Mouse for Mayor!" by Peter Blake, *NEW YORK*, 7 February 1972, p. 41.

Century City, owned and operated by Alcoa, contains 500,000 square feet of retail stores, 800 high-rise apartment units, 800 hotel rooms, and 12 high-rise office buildings. In Costa Mesa, California's South Coast Plaza has an enclosed mall, soon to be expanded from 1.2 to 1.8 million square feet. It will be joined by an adjacent South Coast Town Center containing high-rise office buildings, hotels, three movie theaters, a supper club, financial center, and 75 shops and restaurants.

Developers of these giant proprietary shopping / working / living / entertainment centers know exactly what it is they are doing. James Rouse of Rouse Company (which opened four such centers in a single month last year) says the key words are "comprehensiveness [and] completeness—the integration of all the retail and commercial functions of modern life and the activities that people are involved in." [13] In a word, these developers are doing ***city planning***, and they know it. But when they finish a portion of their "city," they do not abandon it to the political process; instead, they put it in the hands of competent, professional, profit-minded management. The same can—and will—be done with new towns, before much longer.

CONSTRUCTED CITIES

There is one further logical step in the evolution away from the urban mixed economy to a private-enterprise, contractual community. Given the pressure of expanding population and the spiraling cost of land, it is clear that to a much greater extent, communities of the future must be three-dimensional, rather than eating up the countryside on a single level. This trend is already apparent in such high-rise proprietary communities as the Prudential Center and Century City, and in the newer multi-level shopping mall complexes. Visionary architects and planners, such as Buckminster Fuller, Athelstan Spilhaus, and Paolo Soleri [see book review, p. 29 in this issue] have proposed the construction of **megastructures**—giant constructions a cubic kilometer or more in bulk. Such cities represent perhaps the ultimate in master - planning and comprehensive design, dwarfing the fledgeling city-planning skills of today's commercial mall complexes. Because of their unified design, fully-integrated utilities and provision of other services (e.g., security), megastructures will naturally tend towards proprietary management. They will be built as income-producing ventures, with lease and rental income recovering the huge start-up capital costs and providing for operating expenses.

With the emergence of proprietary megastructures, the evolution from a politicized mixed economy to a contractual, free-market system will be complete, in both urban and suburban forms. One can imagine a society in transition, in which people can choose between the old, nearly-bankrupt central cities, the chaotic jumble of conventional suburbs, the initial new towns trying to make political government work, a new generation of professionally - managed proprietary new towns, and here and there (for the cosmopolitan and urban - minded) a proprietary megastructure rising skyward out of the surrounding urban chaos or standing aloof in an untouched wilderness. On whatever grounds are considered—cost, amenities, stability, security, sense of community—it isn't hard to predict which types of environments people will select. The free market can provide these kinds of choices, if only we let it do its work. ◻

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[11] "Disney World Shakes Sleepy Orlando," ***BUSINESS WEEK***, 14 November 1970.

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block associations in fun city

ADAM POWELL III

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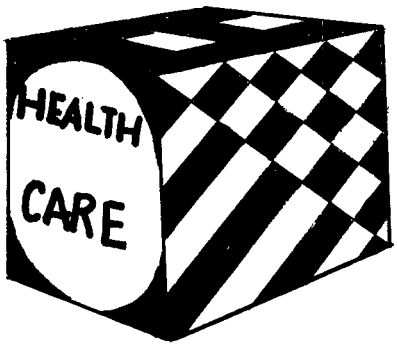

●Government has gone about as far as it can go. What people have to do now is do things for themselves: the government just cannot do anymore.

G. Kenneth Patten
Economic Development
Administrator,
New York City

What Mr. Patten has in mind are the various privately organized efforts that are proliferating in New York and that are run, by and large, by major corporations and real estate interests. Private street cleaning programs and corporate guards have been a reality for years, and businesses are beginning to innovate in such areas as health services and narcotics control. [1]

But the real growth in this area is taking place on the neighborhood level, spurred on by middle-income residents trying to replace or augment municipal services to stay in the center city and by low-income New Yorkers who may never have had access to basic municipal programs.

The most widely noted element in this expansion is the proliferation of block associations, associations whose primary (and often sole) function is to hire a private guard. This has spread rapidly in several sections of the city, perhaps most notably on Manhattan's West Side. Both along Central Park and the Hudson River, there are now large segments of the city where residents are protected by guards hired by the local block associations.

The impact on crime has been immediate and marked: One block on the West Side kept careful records of street crime before and after an unarmed guard was hired. The introduction of the guard immediately reduced street crime from eight incidents per week to one in the first month. Street crime has disappeared entirely from the block since that single incident. The benefits to residents are thus rather clear.

For this service, the cost of the guards is rather low. One block association in the process of being organized is now surveying the private protection companies in New York, to determine current costs. The figure now seems to have stabilized at about one thousand dollars per month for a single shift, seven days a week. Considering that there are over two hundred apartments in one building alone on the block, the association should have no difficulty meeting that expense; in fact, they are now studying the benefits of two-shift coverage or even complete 24-hour protection.

As the private guards have flourished, the adjacent blocks have suffered. One man who lives on 102nd Street went to the local police precinct to complain of the sharp increase in mugging on his block. He was told that the private guards on 101st and 103rd Streets had deterred the muggers from using those blocks, so they now concentrated on 102nd Street. He promptly organized a 102nd Street block association, the last block to be filled in from 95th Street to 107th Street, so the muggers now presumably frequent 94th and 108th Streets. [2]

The incentive is strong, and the means readily available, so block associations are rapidly multiplying. And once the associations are formed, there is at least the potential for branching out into providing other services to residents and for forming bargaining units to deal with City Hall and the municipal bureaucracy. So far, most block associations are still concentrating on (or they are satisfied with) street safety, but a growing number are voting to move into new areas.

In the Sheepshead Bay section of Brooklyn, a coalition of block associations and community groups has been formed to build what they call their "town center." It would provide, in a central

location, cafés, a shopping plaza, a regional library branch, a community cultural center and recreational facilities. It would also provide a town hall for community meetings and debates.

Similar town centers have been proposed for scattered locations in New York City, but the Sheepshead Bay community seems to have pushed the concept more vigorously than other areas; also, they have been the first to encounter serious resistance. Some politicians do not want to see such neighborhood centers created, as they would eventually pose a threat to the central government's power and influence; at best such town centers would make elected officials more accountable, while at worst, in the view of those in power, politicians could find themselves with their powers gradually stripped away by the new local associations.

The city bureaucracy is not too favorably disposed to any form of decentralization, or community initiative, since the bureaucracy might eventually be without function. At that point, one might assume, someone would recommend that taxes could be lowered by eliminating the bureaucracy.

But in spite of the inertia and the open hostility, the Brooklyn project is making progress. As reports of that community's progress being to spread, other communities are beginning to discuss creating neighborhood centers for their areas.

But neighborhood town halls and private guards are usually the concerns of middle income areas of the city. Poorer city residents are also forming block associations and community groups, but their concerns are somewhat different: where protection is an issue, the communities try to get the police to patrol their particular area. Where town centers, or their services, are the issue, the communities tend to deal once again with the city. But even in the poorest sections of the city, more and more associations are turning inward, away from the city and towards their resources at hand.

Housing has united residents of upper Park Avenue. This is not the Park Avenue of high rise, luxury apartments but Harlem's Park Avenue, of elevated Penn Central tracks and dilapidated tenements. Mary Lemma lives in one of those tenements, and she is determined to change the neighborhood. To the surprise of her skeptical neighbors, she is succeeding: Mrs. Lemma formed the Upper Park Avenue Community Association, covering the residents in the eight blocks from 116th Street to 124th Street on Park Avenue. UPACA surveyed the buildings in those blocks, determining which could be saved through rehabilitation and which were hopeless cases, destined for demolition.

UPACA is rebuilding those eight blocks, not as another public housing project, but as a community project. It is being financed by mortgages and loans from savings banks, bank officers saying that UPACA is a model for communities around the city. The first 10 buildings were renovated in under four years. Rents have been held low, so the original tenants could return to their old addresses, while mortgage payments have been on schedule or early.

Again, the word is spreading. Block associations, community groups and banks and insurance companies have been sending observers to study the UPACA effort; plans are going forward in at least six other areas of New York to try to duplicate UPACA's success. And the data generated by the renovation effort is being carefully studied by the Urban Coalition, which is building low-income housing for profit, to demonstrate that private industry can rebuild neighborhoods where the government has not. Be designing their buildings for minimum operational and maintenance costs, the Coalition hopes to show that the profit potential of low-income housing has been underestimated.

Health care is rapidly becoming one of the most prominent issues in low-income New York neighborhoods. On Manhattan's Lower East Side, a group of residents has given up trying to convince the government to operate clinics or other health centers, and they have begun operating one themselves. The community now has a small van outfitted as a mobile clinic; the van visits different blocks each week to provide not only health services for those people who are in urgent need of care but also preventive medical services through testing programs and follow-up examinations of large numbers of area residents.

All of this is being done ***independently*** by the local residents and their community organizations: the van was obtained from a church in the neighborhood and the staff and supplies are volunteer and purchased with donated funds. There is now some foundation interest in funding other community mobile clinics, but the Lower East Side community had taken the initiative in providing health care for its residents.

There are two common themes that recur in the reports of local community action: the growing pattern of success for residents who take action to provide basic services that had previously been held the government's exclusive area and, with that success, the growing awareness in an ever larger number of New York's neighborhoods that private citizens can obtain these services on their own more efficiently than by waiting for the municipal government, as they did in the past.

Continued to page 16

rent a sheriff

market control of public services

JAMES Q WILSON

● *Remarks by James Q. Wilson, Professor of Government, Harvard University, at the UCLA Symposium "LOS ANGELES: METROPOLIS OF THE FUTURE?" March 31-April 2, 1970.*

The issue Professor Ries raises that has the greatest current policy implications is that of control. Los Angeles is not unique, but it is in some degree different in two respects: first, there are less institutionally regularized forms of control in city government over underlying agencies than there is in some other cities. And, secondly, in the county the Lakewood plan provides the contract services program, an arrangement that has implications for control not found in any but a few other places. Nassau County, New York, has a plan by which local communities and villages can buy various levels of police services from the county government, but, by and large, it is unique to the Los Angeles area.

The issue of control has to be understood in the context of the alternatives available to a city interested in increasing the extent to which citizens can affect the quality and distribution of public services that they consume. There are three methods of control: ***one*** is the immediate supervision of appointed public officials by an attentive public that sets standards and creates an atmosphere or ethos in which there are shared understandings as to the direction of public policy but leaves the day-to-day administration of policy in the hands of qualified professionals. This is the kind of political control that exists in many, if not most, upper middle class suburbs around the country. There is a high level of citizen interest in politics, there is a good deal of time spent in articulating what it is we want in our schools or want our police to be like, but there is not a high level of day-to-day intervention in the operation of those organizations. Being upper middle class, we defer to the judgement of other upper-middle-class persons, namely experts.

The ***second*** method of control is the day-to-day intervention in the workings of organizations. The political machine of the style found in Chicago, Albany, Pittsburgh, or Gary at various points in time is an extreme manifestation of this, but you can find it in many communities that have no political machine at all. Generally, it is a form of political control that you find in working class or industrial suburbs and in many, though not all, central cities. There is a preoccupation with individual contact, the reconciliation of individual needs, and the adjustment of particular services to the problems of particular persons. This process obviously has a great potential for inequities, favoritism, perhaps corruption, but it also produces an opportunity for immediate contact that does not depend on the articulation of public policy. In fact, this form of intervention is almost policy-free in any general sense.

The ***third*** form of control is to give people a ***choice*** among competing sources of services, just as people at the supermarket have a choice among the beans, bread, and soaps. The consumer controls the soap makers not because he is on the board of directors, or he owns stock, or he passes regulatory legislation, or he intervenes in the day-to-day workings of the Proctor and Gamble Company, but by preferring one person's product over another's.

LOS ANGELES–CONTROL #4

What is striking about Los Angeles as a ***city*** is that to a considerable degree it doesn't have any of these three forms of control. There is no policy-making apparatus that regularly sets norms for public operations in a systematic way. There is relatively little day-to-day intervention and meddling in the bureaucracy—there is some, of course, and there is more than the bureaucrats would like but, by the standards of most cities, it is rather small and only rarely tinged with favoritism or corruption. There is, finally, relatively little choice, except in the county where the Lakewood Plan offers a community a choice between its own public services and that which the County provides.

In thinking about the problem of improving control, we have to think which one of these three strategies or which combination of them might work either in the suburbs (and there are different kinds of suburbs—industrial, upper middle class residential, etc.), or in the inner city neighborhoods, assuming boundaries could be put around these neighborhoods and some devolution of authority given to them. I think for certain communities the first model of

control will work. The community can manage its own services—it has a responsive but responsible electorate. I think that for other kinds of communities, there'll be a control pattern developed based on the intervention strategy which, though it will please those who have skill and access, will probably not please those who do not have skill and access. But perhaps the choice model ought to be followed more fully.

MONOPOLIES

I am not sure whether one could institutionalize the Lakewood Plan within the city boundaries, assuming we waived the legal and constitutional questions and simply looked at it as a political and economic reality. But I am curious as to whether we could carry the Lakewood model even further. For example, why should a town, take Lakewood itself, be put into a position in which it could only purchase these services from one supplier? Why do they have to deal with a monopoly market?

Why can't they purchase it from a variety of suppliers: indeed, why do they have to purchase the public services from governments at all? Why couldn't they as well purchase most, if not all, of these services from private suppliers? You look at the list of services provided, and there is practically none that could not be provided by a private supplier, in competition with other private suppliers. Map making, ambulance services, police services, industrial waste control, animal regulations, street widening, building inspection, city health ordinance inspection, engineering, library services, and the like. The contracts could be written in such a way that, though we must observe certain state imposed or county imposed minimum standards so that nobody could consume less service than was good for everyone, they could still have a choice. If they didn't like service provided by one person, then they could consume it from another.

This kind of experimentation, which perhaps is only possible in an idealized world, might give us some better understanding of the possibilities of social and human control over services by this third strategy utilizing more fully than has been done before, the choice model. There may be some services that would have to be exempt from it but I think they are relatively few. If this is the case, then we would learn a lot more than we know now that might be relevant to the problems of the inner city.

INNER CITY

In dealing with the problems of the inner city, we just don't have much reliable understanding as to the feasibility of different control mechanisms. In an inner city ghetto the strategy of control that has been developed in the conventional upper middle class suburb may not work at all and it certainly will not work as we know it now. To assume that one could "suburbanize" the central city is to assume that there are no important differences of class, ethnicity, personal needs, and life cycle that affect political judgements; and that assumption is absurd. Similarly, to assume that models of control that rest on the opportunities for personal intervention in government are necessarily desirable may or may not be true. I have not been among those who are most aghast at individual intervention in bureaucracies; I've even on occasion had a few nice things to say about political machines, so I approach this not from a moralistic point of view but from the question of ***effectiveness***. I suspect that the individual intervention model of control applied to the central city would leave most people in any particular inner city neighborhood at least as dissatisfied as they were before, because the intervention model can only work if a few people intervene. If everyone intervened, then chaos results. But there are so many needs to be met that they have to be met on a policy basis.

EXPERIMENT?

This leads me therefore back to this third possibility. I don't think we ought to experiment with people who live in inner city areas, simply because their needs are, or seem to be, greater than the needs of other groups. We ought to try to experiment where the costs of failure are relatively low and the opportunities for reversing the experiment rather easy, which means that we ought to experiment in such places as Los Angeles County, with contract service programs and the like. I would favor extending the existing experiment.

I'm not sure how many people in the contract communities are satisfied with the quality of service. They probably are satisfied with the cost, as it seems to be a ***lot*** less (particularly because of the subsidy factors, partially because of economies of scale) than comparable services in non-contracting communities. But are they satisfied with the quality? And if they aren't, is there anything they can do about it?

If they are not satisfied, one way that one could do something about it is to switch from one supplier to another, at the expiration of a given contract. If this works, then it has some implications for the central city. It might also have some implications with respect to, for example, education voucher plan for paying the costs to parents of public or private school education, thereby ending the government's monopoly of education (a monopoly which, in my view, is unjustified).

Therefore, what I have to suggest to you is not that

there are lessons in other parts of the country that are relevant to evaluating the control issue in Los Angeles, but, on the contrary, Los Angeles has lessons to offer to the rest of the country. Here, at least in the county, Los Angeles is a leader, but the lessons are incomplete and imperfect because they have not been pursued so fully or so imaginatively as they should be. And I think one ought to be quite cautious about making inferences from county plans to the possibilities for inner city changes. ◻

James Q. Wilson is the author of a number of books on urban problems and public policy. He is Professor of Government at Harvard University. This article is based on remarks by Prof. Wilson at the UCLA symposium "Los Angeles: Metropolis of the Future?" 31 March - 2 April 1970. The text was subsequently included in LOS ANGELES: VIABILITY AND PROSPECTS FOR METROPOLITAN LEADERSHIP (Werner Z. Hirsch [ed.], Praeger Publishers, 1971), and is reprinted here with the permission of the publisher.

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But there is another trend in the community groups: the desire to remain within the community. Plans to take advantage of the clear profit potential in many of these programs by expanding them to the entire city are being left, by and large, to independent development companies. After dealing with the municipal bureaucracy, the neighborhood associations have acquired an aversion to bigness and to anything that might lead them to even *appear* to duplicate the ponderous machinery of municipal government in New York.

As local governments around the country find themselves caught in a worsening financial squeeze, more city officials will begin to echo Administrator Patten's forthright admission of the limits of municipal government. The residents of city after city will then find that, as in New York, the key to obtaining protection or housing or health care or cultural facilities lies in private citizens' taking the initiative. ◻

NOTES AND REFERENCES

[1] A group of 50 major businessmen will be meeting *shortly* in New York to outline and fund a private methadone maintenance program. The government narcotics programs all have long waiting lists, and it is the aim of this private group to provide a program for all addicts who want to join.

[2] The city government has just designated this acre of Manhattan as a "Model Police Precinct." No doubt the rapidly falling incidence of street crime will be cited by the city as evidence of rising police effectiveness!

THE ART OF COMMUNITY

by Spencer Heath MacCallum

As both a student and a practitioner of "the proprietary community idea," Mr. MacCallum has distilled in this book his years of research and experience in real estate development and allied fields. His formal academic work in art and anthropology, supplemented by independent study in economics and philosophy, has produced a sophisticated perspective that challenges many traditional assumptions about viable societal arrangements.

The author begins with a discussion of the modern hotel as a prototype of an ideally functioning community and then proceeds to survey several contemporary types of real estate enterprise. His examination covers the recent history of their development and goes on to include an analysis of their structure and function, which are subsequently compared with certain societal principles and practices found in supposedly primitive communities.

Mr. MacCallum forsees a radically new form of society based on voluntary contracts among individuals, which promises to transcend present geographical, political, and psychological obstacles in human relationships. In depicting the outlines of an open society of contract and showing how it already seems to be evolving, he closes the gap between purely theoretical speculations and the specific practices that produce social harmony. His construct preserves private ownership and control of property, entirely independent of political sanctions, while establishing methods to provide services so often preempted by the State. He shows how we are beginning to move away from the political regimentation of life and toward contractual, voluntary associations which fulfill all functions needed for an orderly and creative community.

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associated individualism: a victorian dream of freedom

SPENCER H MacCALLUM

A sense of the possibility
of a life at once orderly and free
dawns upon the heart and mind.
— Tomorrow

Not often can a reviewer look back three quarters of a century from the time a book was published and draw on hindsight of such magnitude. The book in hand is Ebenezer Howard's *TOMORROW: A PEACEFUL PATH TO REAL REFORM*, published in 1898 in London and now being reprinted by the Irish University Press, Dublin. The better known and somewhat revised second edition appeared in 1902, under the title *GARDEN CITIES OF TOMORROW*.

In many respects Howard's book was before its time, which is why it may be appropriate to discuss it now. One of the two grand themes of the book seems to have been ignored totally by the reading public. The book's fame as a classic in the literature of urban planning rests on its physical planning innovations (e.g., functional zoning, density control, design control, greenbelt) which, revolutionary in their day, have long since been absorbed into the mainstream of planning, so that the venerable book is no longer read, though commonly cited.

The remarkable *idea* of the book, which Howard presents fully on a par with his ideal physical plan for a city, is a voluntary plan of public finance, a radical alternative to taxation. Howard's exposition is faultless. The problem evidently was the idea itself: it was simply too revolutionary to be entertained seriously.

The practical purpose of the book was to help launch a local venture which was subsequently formalized and got under way in 1902. As a social reformer, Howard set as his goal the solution of two pressing social problems of the day, the congestion of London and the "land problem," by building new towns which would combine the qualities of city and country and in which a leasehold form of land tenure would render taxation unnecessary. Through his personal efforts, he was responsible for the actual building of two new towns on the English landscape, Letchworth and Welwyn—called "Garden Cities"—of some 30,000 population each.

The venture was actually one of the boldest and most significant social experiments in history. The amount of attention it drew was not spectacular, however, and there was little if any appreciation of its true significance. A supporter wrote plaintively in 1946:

> Howard and his associates made one propagandist mistake in siting Letchworth and Welwyn—building them in England within an hour's journey of London. One should have built on some remote island like Mauritus, and the other in the Soviet Republic of Uzbuzchakistan. Planners and journalists would then have visited them and written them up, and we should have had lots of ilumination books on them. Also we should be excited about them as wonderful achievements, and be wanting to know why we can't have new towns of the same type in Dear Old Stick-in-the-Mud England. [1]

The idea of voluntarily financing public services out of land revenues through a leasehold system of tenure was not entirely novel with Howard. Howard credits Thomas Spence, more than a century earlier, and Herbert Spencer. Nor did the idea end with Howard, although he improved it significantly. It next appeared some four decades later, in a still more advanced form, in Spencer Heath's concept of the *proprietary community*—although apparently the Garden City experiment was unknown to Heath.

Thomas Spence presented the idea in a paper which he read before the Philosophical Society in Newcastle on 8 November, 1775, "for printing which the Society did the author the honour to expel him." [2] His idea was to assemble the landed property into community-size parcels called "parishes" and to administer it as income property, letting out the land on leaseholds instead of subdividing it and financing the public improvements

and services from rents.

> There are no tolls or taxes of any kind paid among them by nature or foreigner but the aforesaid rent, which every person pays to the parish, according to the quantity, quality, and conveniences of the land . . . he occupies in it. The government, poor, roads, etc. . . . are all maintained with the rent, on which account all wares, manufactures, allowable trade employments or actions are entirely duty-free. [3]

What Spence did not solve was the transition to this new social arrangement short of a popular revolution which by fiat would dispossess the existing land owners and establish the system at once throughout the country.

Herbert Spencer in his early writings admired the idea of leasehold tenures because it seemed to him to meet all the requirements of a system of perfect social justice. However, he later withdrew his advocacy on two counts, one of justice, the other of practicality. He could see no way of making the transition without working an injustice on the existing land owners—even if compensation were offered. Moreover, he envisioned the system being best administered on a national scale; yet he could not imagine the state being responsible or competent enough to administer such a program.

Ebenezer Howard, however, carefully analyzed the idea from the standpoint of economics and concluded that it would pay a company to borrow the capital to acquire and develop the land and amortize the indebtedness from the proceeds of the venture. By developing rural land for urban uses, the increased land values would assure the financial success of the project. In ***TOMORROW***, he develops the economics of the plan at length to establish beyond doubt that the rents would be "amply sufficient (not only) to discharge all public burdens without any resort to the expedient of compulsory rates" (i.e. taxes), but "***also for greatly extending the area of municipal activity***" (original emphasis). [4]

By proposing to purchase the land in the open market, Howard made a fundamental advance over Thomas Spence and in doing so, overcame the first of Herbert Spencer's objections. The second objection he thought he could overcome by staying with Thomas Spence's original plan of local administration. He envisioned the company ultimately transferring title to a democratically elected body which would administer the community's lands in trust – an elective government without taxing powers. Howard was impressed with the ideas of municipal socialism that were current at the turn of the century, a major element in which was the belief that local government could be trusted where a distant central government could not. He may have believed along with many of his contemporaries, that the central government was even then so overburdened that the long-term political trend would necessarily be in the direction of decentralized power. In any event he enjoyed a basically optimistic view of the future in which "Garden Cities" could develop increasing measures of local autonomy.

A common theme running through the contractual community concept from Thomas Spence to Howard was the idea that the existing land owners had no role to play in the unfolding drama. Rather, they were obstacles to progress. Here is where Spencer Heath in his writings after 1935, offered a basic insight. Heath said that if the arrangement really made sense—as it seemed to him it did, in the light of his own long and successful career in business—and if it promised justice and a social order in which the public community services could be provided in the market place as private services are, then it offered the existing land owners an enormous business opportunity and one for which the conceivable public demand would be virtually unlimited. Besides developing the idea in writing, Spencer Heath spend years attempting to interest organized real estate interests in the entrepreneurial possibilities he saw lying within their reach. Thus he joined profit motive with humanitarian ideals. He died in 1963, at the age of 86, leaving many notes and papers besides his only published book, ***CITADEL, MARKET & ALTAR***. [5] The latter has not been widely read. But passing time has only made its basic conclusions more relevant to current events, so that his ideas are drawing more thoughtful attention today than when he lived.

PROPRIETARY COMMUNITY

The proprietary community principle is relatively simple, once it is understood that what makes land valuable is ***environment***. That is, the value of a site as such—apart from its improvements—is its ***location*** value relative to human activities and amenities to which the site gives access. This has an interesting theoretical implication which might be mentioned at this point before continuing with its entrepreneurial implications. The theoretical implication is significant for those who hold with the Georgists that land is in fixed supply and therefore (the logical sequitur is not clear) should be administered by government to prevent such an absolute "monopoly" from being wholly in private hands. Land as an economic good, however, is not to be defined as ***situs*** measured by geographical coordinates on the globe, but as ***location***, which has utility, as just noted, by virtue of the access it affords to desirable human activities or facilities (and perhaps insulation from some undesirable ones). Thus ***location*** is artificial, being wholly dependent on surrounding human activities and amenities. Hence land, ***as an***

economic good, is manufacturable and not fixed in quantity.

This brings us immediately to the entrepreneurial implications. How does one create land value or location? I should like to answer this by retracing the career of a (perhaps hypothetical) land owner who inherited a family farm of 700 acres. He didn't want to live on the farm and, rather than holding it for speculation, which seemed uncertain, he decided to develop it. He wanted to administer it as capital to generate values. In the narrative that follows, note particularly the environmental considerations by all parties.

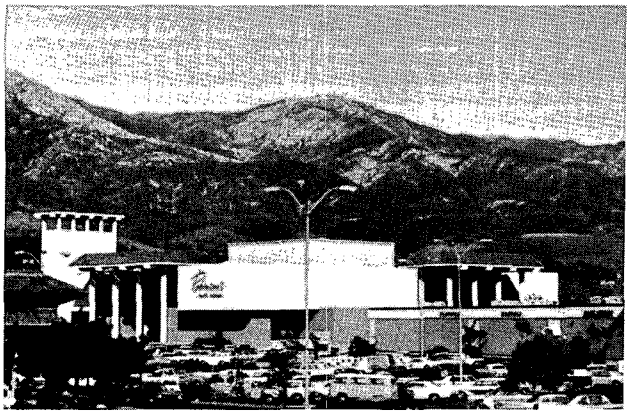
The land owner's initial market analysis showed a shortage of apartment space in the medium-to-upper rent range in the nearest town 10 miles distant and also that tenants would not mind commuting that distance, given some amenities such as parkland and golf course and convenience shopping near their homes. Therefore he determined to develop some small recreational and park facilities, including a swimming club. While this yielded little income in itself, it was the environmental amenity which, together with a small "7-11" store which he succeeded in attracting to the project, made the property suitable for a small complex of apartments. When the apartments were completed, they filled more slowly than had been anticipated, and it appeared that there were too few units for the investment to show a good return. One of the difficulties was inadequate shopping. Yet the project was too small to attract more stores; there was too little population in the immediate market area. Also the necessity of commuting to work seemed to be more of an obstacle than his marketing survey had indicated.

In this situation, the land owner next turned his attention to a part of the property that he had thought for some time might be suitable for light industry; a railroad spur came in there from an abandoned mining operation, and that together with ample space for expansion would appeal to industry. He had approached a small electronics assembly firm several years earlier but had been turned down because of the lack of any nearby population for a labor pool. The apartments now had changed that picture. The electronics firm, which had not found a better location, agreed to move, and it was followed in a few months by a latex molding company. There was a good possibility of a warehousing operation moving in the following year. The presence of these two industries provided a source of nearby employment, which generated new interest in the apartments. His turn-over rate dropped, and he found that he could increase the rent slightly. He began planning some additional apartments to meet the new demand. Moreover, he found that more merchants were willing to talk about the possibility of renting space in the shopping area, and two convenience shops, one of them a national chain, soon leased sites.

At this point something new entered the picture. About the time the land owner had acquired his property, a university had begun looking for a site for a new campus. The land owner knew of a site only three miles from his property which he thought would be ideally suited for the new campus, and one of the first things he had done had been to try to interest the university in it. They had by now narrowed their search to two sites, one of them being the location nearby. Consequently the land owner met with the board of regents of the university at regular intervals over a six-month period, sharing his market information and knowledge of the area in an attempt to persuade them of the advantages of the local site.

During this period, a science research firm he had earlier approached without success as a prospective tenant in the industrial park area said that they would be interested in locating there if the university chose the nearby site, since the latter would attract the kind of people to the area that they would want to draw upon for personnel, besides the library and other research facilities the university could provide. Furthermore, they thought they could cooperate with at least one of the departments of the university in carrying out special research projects and in making certain of their own specialized equipment available to the university on a contract basis. On the strength of this, the land owner, at the next meeting with the board of regents, offered to increase his plans for additional apartment buildings and to cooperate with the university in housing part of the faculty and students while the school buildings were being constructed. Soon after, the university announced their choice favorably.

The land owner chose this time to encourage a successful Montessori School in the nearby town to expand their program in his project which was now beginning to take on the semblance of a real community. The young faculty families with children would be an important source of patronage. He offered some specially favorable terms for the first two years, which made it financially feasible for the school to make the move. The presence of the school, in turn, along with some expanded recreational facilities (including a new bicycle trail) and his cooperative attitude toward the university, attracted many of the university personnel who otherwise might have commuted from town. The university in turn provided an important additional source of local employment, which together with the other growing amenities and activities in the environment soon warranted a second apartment complex on



another part of the property, on the other side of the shopping area. The construction phase of the university encouraged a motel to begin building on a site adjacent to the shopping center several years sooner than it might have planned otherwise, and this provided a much needed facility for the growing residential community.

This story could be expanded indefinitely as the land owner built land value by bringing about complementary land uses both functionally, spatially, and with regard to timing in the evolution of the community. His object was to maximize his income from the over-all property by a suitable mix of both high and low intensity uses on the land itself. Each site within the project he conceived as the focal point of an environment which differed sometimes slightly, sometimes importantly, from every other site in the development or outside its boundaries. He then took what is sometimes called the "unit planning" approach, considering each site as representing a unit of land use, or activity, and trying to incorporate into its environment, as the community grew, all of the supporting environmental elements that might relate favorably to that particular use or activity.

The land owner thus found himself in the business of manufacturing, selling (through leaseholds) and servicing ***environment***. He was the one person in the community whose sole business interest was to optimize the attractiveness and utility of the environment as such, since this was what attracted people to come to live and work and, in the process, to bid up the rents which they were willing (and able because of its utility) to pay in this new location. His was not a partisan interest. He was concerned for the success of the whole as a community. His lessees' recognition of this, together with the fact that his interest was that of a responsible businessman toward his customers, made for a far easier administration than might have characterized a conventional elective or political arrangement in which responsibility belongs to "everyone and no one."

In developing the philosophy of his business, the land owner came to realize the simple truth that because rent comes, of necessity, out of production —which is to say, the use of land—it was his interest to facilitate in every way the productive use of his property. He was vitally interested, therefore, in every environmental factor that contributed to the success of the lessees on his land. The university was an example of how this interest extended even beyond the bounds of his property. He was likewise concerned for the well-being of the nearby town, where his lessees traded, and for the honesty and efficiency of county and state governments in providing such services as lay in their province. He was further concerned to protect his lessees whenever possible from taxation, regulation, and harassment—the ***disservices*** of political government which directly burden the productive use of land.

With a view to looking after the lessees' interests, therefore, he encouraged the managers of each division of his project—the residential complexes, the shopping and professional center, and the industrial and research park—to cultivate relations with town and county political leaders and to become active with him in the Citizens for Better Government and the local chapter of Tax Reform. He also worked on a brief but regular basis with the local Board of Realtors, urging and assisting in the development of a land owners "Watchdog Committee" to monitor the efficiency and honesty of local governments. At the same time, he took care that his involvement in public affairs should not be controversial. This general policy of active but noncontroversial involvement in local affairs paid off in a number of ways which are not part of our present story.

The land owner was tempted several times, for sorely needed cash, to sell off acreage or to sell subdivision lots. He was tempted likewise to follow the usual approach of dedicating the streets to the county for maintenance. He resisted, because he recognized that this would compromise his planning integrity and flexibility in the future by tending to fix unalterably the present layout of streets and common areas. Subdivisions would also mean forfeiting the future increment of value in the lots he sold off—value which would be due to his own planning and development efforts in adjacent areas. Finally, as a businessman, he regarded land as ***capital***, rather than as something to be consumed for one's own use or to be bought and sold as a speculative commodity, and he wanted to preserve it functionally intact.

Initially, he was afraid that his policy of offering only the option of leasing and not of purchasing would meet customers' resistance. But by publicizing the advantages of a continuing, integrated responsibility for the environment, he found very good customer acceptance. He could assure his lessees of a

degree of neighborhood stability and privacy and a level of environmental advantages and amenities that would not be possible in a subdivision where the developer sold off the lots and moved away, leaving it to the residents, through covenants in their deeds or through enforced zoning, to attempt to police a vanished interest. Moreover, he found that most people understood quite well that ownership of a leasehold is no less ownership (indeed it is sometimes more secure ownership for the reasons given above) than ownership of a fee. It differs only in that the boundaries of that ownership have been defined by contract—as in any case it would be limited in fee ownership by deed restrictions, easements, mortgages and so forth. He found that most people in their own practical way shared the understanding expressed so clearly by David Hume two hundred years ago:

> A man that hires a horse, tho' but for a day, has as full a right to make use of it for that time, as he whom we call its proprietor has to make use of it any other day; and 'tis evident, that however the use may be bounded in time or degree, the right itself is not susceptible of any such gradation, but is absolute and entire, so far as it extends. [6]

THE GARDEN CITIES

Ebenezer Howard was remarkable not only for his ideas. He was a man of ideals and of action and had the tremendous courage of his convictions. Although without resources of his own—he worked all his life and supported a family on a court stenographer's earnings—his sure sense for spiritual values and his firm practicality attracted many people to his cause. The result was that he succeeded in raising the necessary capital and assembling the talent to bring about the building of not only one but two complete new towns, or Garden Cities, in England.

It many ways, Letchworth and Welwyn were successful. They are viable towns today of more than 30,000 population each, with a wide diversification of industries, comfortable parks, winding boulevards and tree-shaded streets more attractive than most in England. Yet they fell far short of their potential and, ironically, provided the model for the present Satellite Towns program in England under which they were themselves nationalized: Welwyn in 1948 and Letchworth in 1962. Their very survival up to that time, however, may reflect the basic soundness of their financial approach. A multitude of difficulties beset both ventures, any one of which might have marked the end of a more conventional undertaking. The difficulties of Letchworth are impressive.

LETCHWORTH

The location of the new town was the result of accident and without benefit of study. Extreme concessions were necessary to attract shops and industries to locate in this untried location. Not only were commercial and industrial leases set for impossibly long terms—99 to 999 years—but they were made without any provision for periodic renegotiation. This was a serious departure from Howard's plan, which envisioned perpetual leases with rent review at 10-year intervals. The socialist climate of the times and the idealism surrounding this particular reform effort (George Bernard Shaw was an early supporter and resident of Letchworth) hindered at each turn the business-like prosecution of the venture. It was not understood how much time was required for a land development of such magnitude to develop revenues, so that the initial financing was not sufficiently long-term. Nor was the venture helped by a poor decision in accounting method, which made it appear that Letchworth was not economically viable, more than a decade after it had actually reached a solid earnings position. The undertaking should have paid dividends from the third year, but it did not begin paying dividends on a regular basis until after World War I, and the accumulated arrears in dividends were not completely paid off until 1946. This is a fascinating story ably told by C.B. Purdom in his book, ***THE BUILDING OF SATELLITE TOWNS***. [7]

There was no foreseeing, moreover, the additional burdens to be imposed by two world wars, depreciation of the pound by 75%, nationalization of the gas and electric business on which Letchworth depended for much of its revenue, and finally control of future building development under the Town and Country Planning Act of 1947. The latter, revised in 1954, nationalized development values in all land, thus effectively removing the economic basis of the garden city.

Yet it would seem that the underlying cause of failure was more fundamental than any of the above. It was more fundamental because it was a matter of underlying principle rather than of circumstance, and it made it impossible for Letchworth to deal ably with circumstances as they arose. In setting up the town without any equity interest in its administration, and in looking ahead to the vehicle of a nonprofit trust whose members would be elected by the townspeople,the founders condemned the town to mediocre management. "The absence of any equity interest was to prove wellnigh fatal to the company," Purdom writes, for without it, "the sense of final responsibility needed to be maintained for the normal conduct of the enterprise was not there." [8]

> From the start, the board was never sufficiently united upon a consistent policy of development to enable a program to be carried out with the energy that was needed. The organization of the company was never complete. Indeed, it gradually became something in the nature of a policy for the company to do as little as possible, and when a certain stage was reached it seemed to be the intention to sit down, collect the revenue, and allow the town to grow by its own impetus. . . . The directors were men of outstanding ability in their own spheres; but no single one of them knew enough about the business or was able to devote sufficient time to enter fully into the complex nature of the enterprise. [9]

Despite even this basic management weakness and all of the circumstantial difficulties enumerated above, the town was in a strong financial position in 1962 when it was nationalized. [10]

Such toughness for survival must indicate some basis soundness in the principle of financing community administration from land revenues. This was the essential concept of Henry George, that rents constituted a "natural fund" for the finance of community services, even though he proposed a poor vehicle, ***confiscatory taxation***, for its implementation. Howard was strongly influenced by George, as was Heath after him. Like Heath, he conceived that he had found the practical means of application of the Georgian principle and tried, unsuccessfully, to interest Georgists in his discovery. Howard's insistence on ***voluntary*** means was an enormous improvement over his predecessors. But he failed to link it to the profit motive. He failed to gear it into an entrepreneurial engine.

HOWARD'S PHILOSOPHY

Ebenezer Howard, the man and his ideas, remain fresh and vital, immensely rewarding as a subject for study, unlike the actual experience of the garden cities which, though instructive, is a tragic story of unfulfillment.

The reader, unprepared, might be taken aback by the admixture of socialist ideas and preconceptions in *TOMORROW*. Such ideas were rampant in England at the turn of the century, and it would have been strange if Howard had not found himself attracted to some of them. Yet he was a highly unorthodox socialist, if socialist he was. For his ideological commitment to socialism tended to abstractions, while his real, felt commitment of the moment was always strongly for the individual and freedom of private choice. The book contains some pungent criticisms of socialists, if not of socialism. Where he entertained ideas of government action at all—and this was almost without exception in the sphere of local government which he trusted far more than centralized government—he did so for reasons which I suspect he would discard if he were still alive, given the change and growth of business and economic experience since his day. An example is his proposal to control certain aspects of the retailing trade in Letchworth through popular referendum. His scheme reflects plainly a lack of knowledge of marketing, a subject we now know as great deal more about, especially since the development of shopping centers in the United States. Even his all-pervasive preference for cooperative forms of organization over profit-structured enterprise seems simply to arise from faulty understanding of economics — particularly the effects of competition — and the inference always is that the issue could be reopened with him. Howard's commitments to socialism were ***ad hoc*** and never out of antipathy to individual freedom, whereas his commitment to freedom always comes across as part of the fibre of his being. One has the feeling in reading Howard that his socialism, however professed in the moment, would always be open to question and reevaluation, whereas his commitment to freedom was long since settled.

Howard saw individualism in a full perspective, almost in the perspective of a cosmic consciousness, and this is certainly one of the rewarding insights for people who thoughtfully read this book. He understood that individual self-realization is poorly realized in isolation, that it fully blossoms only in cooperation with other self-actualizing individuals.

> Isolated and individual thought and action are as essential, if the best results of combination are to be secured, as combination and cooperation are essential, if the best results of isolated effort are to be gained. It is by isolated thought that new combinations are worked out; it is through the lessons learned in associated effort that the best individual work is accomplished; and that society will prove the most healthy and vigorous where the freest and fullest opportunities are afforded alike for indivi-

dual and combined effort. [11]

Elsewhere, he expressed his characteristic optimism that "the time will come when life will be seen stereoscopically—when the two different points of view from which life is simultaneously regarded—that of the individual personal well-being and that of the well-being of society—will enable a truer, because a more complete, view of life to be enjoyed by all its members." [12]

This stereoscopic vision is rare, perhaps because of the false dichotomy of interests and the ganging-up phenomenon which is forced upon us by our traditonal political approach to our community affairs. It characterizes the philosophy of Spencer Heath, who sometimes developed it sharply by drawing a distinction between ***covenant*** and ***contract***. ***Covenant*** he would say, is usually an agreement not to do some specific mutual harm. It is a treaty. Whereas ***contract*** is an agreement to do some specific mutual good. Contracts can be performed, but covenants cannot; there is nothing you can ***do*** about a covenant that will not be a violation.

This distinction suddenly becomes profound when we realize that ***property*** is ***covenant***. It is a marking out of boundaries and an agreement not to cross over them. Hence property doesn't carry us very far as human beings. It permits us to consume unmolested and so fulfill our animal nature, but it doesn't permit us to become capitalists, to enter the market, and put our property to work serving others, which is our distinctively human option. That requires ***contract***. The fully human perspective therefore involves both. Property is the necessary foundation, the static, the structural aspect of things. Contract is the dynamic, the functional, the creative aspect. Contract is the greater conception of the two because it assumes property and includes it. But while contract of necessity implies property, the converse is not true. He who in the name of individualism fastens his attention on property to the virtual exclusion of contract condemns himself to fighting forever a defensive action, a "Don't tread on me" posture at a less than human level of fulfillment. Many an intellect has starved on this path, mistaking it for the path to freedom.

Property is not distinctively human, as Robert Ardrey has abundantly shown, although in a large degree what he describes is not property but territoriality, which is a lower conception yet because it is that which must be defended. T. E. Cliffe Leslie, in his intruduction to Laveleye's ***PRIMITIVE PROPERTY*** almost a hundred years ago, highlighted this crucial difference between possession and property.

> No mere psychological explanation of the origin of property is, I venture to affirm, admissible, though writers of great authority have attempted to discover its germs by that process in the lower animals. A dog, it has been said, shows an elementary proprietary sentiment when he hides a bone, or keeps watch over his master's goods. But property has not its root in the love of possession. All living beings like and desire certain things, and if nature has armed them with any weapons are prone to use them in order to get and keep what they want. What requires explanation is not the want or desire of certain things on the part of individuals, but the fact that other individuals, with similar wants and desires, should leave them in undisturbed possession, or allot to them a share, of such things. It is the conduct of the community, not the inclination of individuals, that needs investigation. There mere desire for particular articles, so far from accounting for settled and peaceful ownership, tends in the opposite direction, namely, to conflict and the right of the strongest. No small amount of error in several departments of social philosophy, and especially in political economy, has arisen from reasoning from the desires of the individual, instead of from the history of the community. [13]

What is distinctively human is not merely the elaboration of property relations, but an enormous development also of its social and functional side, which is contract. By focusing on property, Ardrey has failed to develop a conceptual frame for dealing with market phenomena. Ironically, therefore, he does not discuss economic behavior, though this is the domain of human behavior above all others which may have the greatest potential for creatively resolving human conflict, the very problem with which he is most strongly concerned.

Ebenezer Howard was at the core a profound individualist. Perhaps, in a fundamental sense, he was more of an individualist than many calling themselves libertarians today. Howard himself termed his philosophy "associated individualism." The words

are redundant, for how else but in association with others can an individual develop fully his individuality? But the redundancy conveys a corrective in emphasis that both collectivists and individualists today might ponder.

Howard had an intuitive view of the future. *TOMORROW* was written in the 19th century, under the reign of Queen Victoria, yet in it he anticipated air travel. He anticipated society in the future continuing to evolve in directions of ever wider social freedoms. He was, indeed, one who was "sensitive to the directions in which progress and destiny lie as an artist is sensitive to beauty." [14] While he never articulated very much about his personal philosophy, voluntarism was for him a comfortable life style. His strategy as a reformer was neither to turn to government, nor to protest or moralize. It was to try to awaken the constructive energies in people by creating something so attractive that it would inspire others to imitate it and to carry further the good that they found there.

A vignette of Howard's character is contained in an incident described by the American town planner, Clarence Stein, who visited England in 1928 shortly before Howard's death. The story is significant given Howard's background as a fanatic social reformer who had devoted a lifetime to the avowed purpose of getting industrial workers out of smoky, congested London and into a healthful, semi-rural garden setting. Some years after his visit, Stein wrote in a letter, "I remember walking about Welwyn with old Ebenezer, and how alive he was to the way his conceptions developed and changed in practice: 'Some people like to work in gardens but others don't. So we have learnt to lay out different types of lots to fit their varied desires.' " [15]

Spencer MacCallum is an anthropologist by training and a consultant in real estate and community development by profession. A Princeton graduate, he received an MA in social anthropology from the University of Washington and did additional graduate work at the University of Chicago. He is the author of THE ART OF COMMUNITY.

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[1] Osborn, F.J. *GREENBELT CITIES* (London: Faber & Faber Ltd., 1946), p. 36.

[2] Howard, Ebenezer *TOMORROW: A PEACEFUL PATH TO REAL REFORM* (London: Swan Sonnenschein & Company, Ltd., 1898), p. 108.

[3] *Ibid.*

[4] *Op. Cit.*, pp 67, 54, and *passim*.

[5] The intellectual estate of Spencer Heath is administered by the Heather Foundation, 915 South Grand Avenue, San Pedro, California, where his unpublished notes and papers have been transcribed and organized for easy access. A complete duplicate file of this material is also maintained at the Institute for Humane Studies, Inc., 1134 Crane Street, Menlo Park, California 94025.

[6] Hume, David A *TREATISE OF HUMAN NATURE* (Oxford: The Clarendon Press, 1896), p. 529.

[7] Purdom, C.B. *THE BUILDING OF SATELLITE TOWNS* (London: J.M. Dent & Sons, Ltd., 1949).

[8] Purdom, C.B. *THE LETCHWORTH ACHIEVEMENT* (London: J.M. Dent & Sons, Ltd., 1963), p. 14; *THE BUILDING OF SATELLITE TOWNS* (J.M. Dent & Sons, Ltd., 1949), p. 345.

[9] Purdom, C.B. *THE BUILDING OF SATELLITE TOWNS* (London: J.M. Dent & Sons, Ltd., 1949), p. 174.

[10] The reason for nationalization was stated most clearly in the case of Welwyn. The Minister of Town and Country Planning thought it "undesirable that a private company, however public-spirited, should, by virtue of its ownership of most of the land and buildings, be in a position to determine the character of a whole town and the living conditions of the majority of its inhabitants." In this situation, the town "would be just what the company would like and not what the people would like. This is opposed to any sense of democracy."

[11] Howard, Ebenezer *Op. Cit.*, p. 96.

[12] *Op. Cit.*, p. 93.

[13] Laveleye, Emile de *PRIMITIVE PROPERTY* (London: MacMillan, 1877).

[14] *TEMPLE BIOGRAPHIES: Introduction*. Quoted by MacFadyen, Dugald, *SIR EBENEZER HOWARD AND THE TOWN PLANNING MOVEMENT* (Manchester: Manchester University Press, 1933), p. 20.

[15] From a letter from Clarence Stein to Carl Feiss, 23 June 1953, quoted by the latter in "Letchworth and the U.S.A.," *TOWN & COUNTRY PLANNING*, September 1953.

The Art of Community

Reviewed by JOSEPH A GILLY

Anyone who has ever questioned the compatibility of the prevailing mode of urban administration and organization with the ideals of a free society, or concluded that it is incompatible, might nevertheless find it difficult to imagine the nature of an alternative. Anyone so inclined will find that *THE ART OF COMMUNITY* [1] by Spencer MacCallum will challenge the imagination and suggest answers for many of the perplexing questions generated by this line of thinking.

The concept of proprietary community administration was original to Spencer Heath, MacCallum's grandfather, the author of the classic, *CITADEL, MARKET AND ALTAR*, [2] in which he developed and integrated the concept. Spencer Heath, originally influenced by Henry George and the Single Tax on land, broke with this view over the issue of taxation. He reasoned that public services were a function of land ownership and therefore properly provided by the land owner. Rent is thus the appropriate means of compensating the entrepreneur. Taxation and political administration are replaced by management for profit, with its accompanying efficiencies, reduction of costs, and consequent increase in the standard of living.

Spencer MacCallum, an anthropologist and student of the proprietary community, tested and extended the concept to primitive village organization and current developments in real estate. It occurred to him that a hotel bears a resemblance to a primitive community in terms of structure and function and is therefore a valid subject for anthropological investigation. He observed that a hotel has all the features of an out-of-doors community:

> The hotel has its public and private areas, corridors for streets, and a lobby for its town square. In the lobby is the municipal park with its sculpture, fountains, and plantings. It has its shopping area, where restaurants and retail stores bid for patronage. Its public transit system, as it happens, operates vertically instead of horizontally.
>
> Utilities, including power and water service and sewerage, are all available. Police and fire protection come under the supervision of the house officer and security staff. Some hotels provide chapels, sponsor concerts and lectures, give adult instruction of various kinds, and conduct nursery schools. Controlled lighting and climate and community-wide credit arrangements number among the services and amenities which are available only on the most rudimentary level in our out-of-doors communities, yet which are accepted as a matter of course in hotels. [3]

Interestingly, the hotel as a community does not exhibit any of the types of organization commonly described by social scientists, namely kinship; mutualism under a common cause or motivating ideal; or sovereignty. The first two are necessarily absent because the relations between the guests are transient and therefore impersonal. And, *most significantly,* sovereignty doesn't apply because there is no legislation and levying of taxes on the guests to finance the common services.

MacCallum also observed that a multiple-story or high rise building is a means of increasing land area, stacking the various land uses one on top of the other. He found that if instead of containing its land uses in a single multiple-story building, a large modern hotel were to spread its land uses out across the landscape, anthropologists still would not define it as a community under the existing criteria. Yet in terms of structure and function, the model was comparable to communities studied by anthropologists.

This congruence was the clue which made it possible for MacCallum to make the breakthrough. Proprietary communities in primitive societies are based on kinship. Land is held in trust and administered by the clan or village head. In the modern version such as the hotel, every member of the staff and the guests are likewise related to one another. However, modern social technology utilizes not kinship, but contract, as a means of establishing the relationships. It was now clear to MacCallum that the principle on which the hotel is organized is that of contract and that the sum of the contracts in effect at any given time might be regarded as the effective charter or constitution of the community. He thus demonstrates that although men have traditionally looked to non-contractual means, such as sovereignty, for the provision of environmental needs, the hotel is proof that contracts can operate at the community

level to provide services enjoyed in common.

In the natural sciences, when an exception has been found to a hypothesis, the hypothesis must be abandoned and replaced with a new one that can accomodate the new data. So it is with investigation in the social sciences. MacCallum proposed the following definition to replace earlier ones which have proved inadequate because they are not cross-culturally valid. A community is:

> . . . an occupation by two or more persons of a place divided into private and common areas according to a system of relations which defines and allocates responsibility for the performance of all activities that might be required for its continuity. [4]

MacCallum demonstrates that a hotel is a community with antecedents in the primitive past.

Of what value is this knowledge outside of the field of anthropology? It should be clear that one of the outstanding characteristics of the proprietary community model is its nonpolitical, self-sustaining character. Relations between the residents and the community owners are voluntary and contractually established. This is in sharp contrast to the prevailing form of nonproprietary, politically administered communities which MacCallum describes not as communities of an alternate kind but rather as a form of social pathology. He concludes that:

> The exercise of force in community affairs indicates a lack of understanding of alternatives, an insufficiency of social technology. It represents not a kind of social organization, but the lack of it. [5]

The proprietary community provides us with the model for healthy social functioning in a humane society.

Other forms of proprietary communities which are dealt with at length besides the hotel are the shopping center, the mobile home park, and the industrial estate. Common to all three is the single ownership of land and proprietary administration. Still further examples which are touched upon are multiple-occupancy dwellings, office buildings, factories, marinas, medical clinics, science research centers, and even airplanes and ships.

At the present time, proprietary communities are specialized in form, unlike the primitive village. MacCallum notes the trend—evolutionary if you will—towards the more generalized form. The *WALL STREET JOURNAL* recently reported that churches in a number of communities have leased space in shopping centers because of their central location and economy. Through proper coordination by the management, several denominations can use the same facilities. During the week, the same space may be devoted to other public gatherings. The *LOS ANGELES TIMES* describes an apartment house in Texas whose tenants are largely engineering and science oriented. Access to a computer is included among the services provided in each apartment by the landlord. I have been told that auto leasing is among the amenities in certain apartment houses in Honolulu. Such an experiment is currently being conducted by Minicars, Inc., in Santa Barbara, California. Further illustrations are the integration of motels, medical clinics, office buildings, and even apartment complexes with large, regional shopping centers.

This dynamic process is reminiscent of one described by Jane Jacobs in *THE ECONOMY OF CITIES* [6]. She explains that the evolution and diversification of cities is the result of a continual process of adding new work to old, which then represents a new kind of work or service with its own divisions of labor. The mobile home industry provides us with a good illustration. When vacation trailer manufacturing added housing technology, the result was mobile home manufacturing, a new industry with new divisions of labor. Land planning then was added to the products of the new industry to give us the mobile home park, an environmental service with new divisions of labor. The process is endless. We can expect that mobile home parks will add new environmental services and that other proprietary communities will do the same. The result will be new divisions of labor and the further evolution of proprietary communities to the more generalized form.

It should be apparent that any constriction or interference with the process of adding new work to old will have the effect of aborting the birth of new industries and environmental services. Jacobs comments on the failure to understand the process:

> The point is that when new work is added to older work, the addition often cuts ruthlessly across categories of work, no matter how one may analyze the categories. Only in stagnating economies does work stay docilely within given categories. And whenever it is forced to stay within prearranged categories—whether by zoning, by economic planning, or by guilds, associations or unions—the process of adding new work to old can occur little if at all. [7]

The profit motive is the energizing force impelling the owner to be ever alert for opportunities to add new environmental services to old. MacCallum puts it this way:

In planning his community, it is desirable that the owner encourage the most intensive use of the land that technological development of society will allow. Only thus can he maximize his overall rents. Because of the interdependence of land uses, he cannot realize this maximum potential in a community of any considerable size by assigning all land to just one use, such as residential housing. Residential uses need complementing by shops and professional services, recreational, educational, and employment facilities, and so forth. Businesses of all kinds require nearby residential areas from which to draw customers and/or employees, besides such specialized other functions as wholesale supply, warehousing, and distribution facilities. Each land use requires, directly or indirectly and in differing spatial relation to it, most of the land uses that are to be found in a generalized community. [8]

The proprietary community principle suggests a novel solution to the congestion of the central business district of today's cities. MacCallum sees the problem as being largely due to an obsolete street system geared to semirural carriage traffic. Traditional efforts at improvement require injury to someone's interest because of the fractionated ownership. He suggests that:

> Ideally, the basic street pattern should be entirely revamped and the downtown redesigned as a regional center with complete community facilities and ample parking. At the very least, some streets should be widened and more parking space made available. [9]

The method of implementation is left to a later section of the book under a discussion of a private approach to urban redevelopment. MacCallum credits, independently of his grandfather, architect Arthur C. Holden, of New York, who suggests that:

> . . . instead of outside interests assembling blighted properties in downtown areas by purchase, which requires almost prohibitive amounts of capital when it can be done at all, the existing multiple land owners within an area might form an owning and managing corporation for that area and pool their separate titles at appraisal values in exchange for equivalent undivided shares in the whole. The resulting corporation would find itself owning an extremely valuable piece of property which could be pledged to secure funds for its redevelopment. With financing available from conventional sources, no money investment would be required of the owners, nor any expenditure of taxes by the public, for the replanning and redevelopment of the assembled area. Because the value of the assembled property would exceed the sum value of the parts before pooling (being now of an economic size for redevelopment), each owner's equity would be correspondingly greater. In addition, it would be more liquid. Each would have traded an uncertain interest in a blighted area for a secure share in a productive enterprise. [10]

Unlike most reviewers who must content themselves with a reading of the author's work, I had the distinct advantage of discussing *THE ART OF COMMUNITY* with Spencer MacCallum and exploring its various aspects in some depth. MacCallum considers that his most important purpose in writing the book was to point out the nature of land as a productive business. In this he is referring not to brokerage or to speculative turnover of land for capital gains, but to ownership and administration of land for income. He stresses that the income approach to land is a business so young—and crude, as all things are in their beginnings—that it has barely come into our field of vision. He makes an especially significant point that might well be pondered by social scientists, realtors, and planners:

> It is the only business which is specialized wholly in doing something constructive about environment. It is the business of creating environment. Environment *is* its business.

This new business (which, as MacCallum points out, is not strictly new but has had significant development and growth only since World War II) exploits the principle of building land value by creatively modifying the environment impinging on given sites—including each site within a site—environment being, after all, all that gives sites, *as sites*, their value. By thus generating and maintaining environmental utility and attractiveness and marketing it by leasing or renting sites (each site the focus of a slightly unique combination of environmental factors), the business throws off profits for dividends and for reinvestment in creating still further land values.

MacCallum rests his optimism on two simple observations: first that land values, or rents, must come out of productivity on the land; and second that production thrives in a conducive environment. A more conducive environment, therefore is worth more to a producer, and he can afford to and will willingly bid more rents to locate there. Assuming no end to the advancement of technology, there will be no end to the possibilities for the enhancement of land values—which is to say, of course, human values. In MacCallum's analysis, "This is the creative spiral in the humane society which we are only just beginning to understand."

MacCallum has opened the door to some interesting speculation. Imagine an aggregation of proprietary communities making up an urban complex. Suppose

every city in the nation gradually evolved to this pattern? Why not the entire planet? If one is governed by contractual obligations, the sum of which is the constitution of the community in which one happens to be at a given time, then what is the function of even a limited political government?

This is without question one of the most thought-provoking books ever published on the subject of alternatives to government as we know it. *THE ART OF COMMUNITY* invites us to look to the area of alternatives to political, tax-supported institutions, one of the least surveyed and most promising intellectual and entrepreneurial frontiers of the modern world. Spencer MacCallum has not only made a major contribution to the social sciences, but in so doing has also illuminated a growing, practical technology for community administration in a humane society. [11]

Spencer MacCallum's achievement will do much to advance the proprietary community concept originally developed by Spencer Heath, whose *CITADEL, MARKET AND ALTAR* has been described as one of the truly important books published in the 20th century and is highly recommended as a companion to *THE ART OF COMMUNITY*.

THE ART OF COMMUNITY by Spencer MacCallum. Available from Institute For Humane Studies, Inc., 1134 Crane Street, Menlo Park, California 94025, $2.00 soft, $4.00 hardcover. *CITADEL, MARKET AND ALTAR* is also available from the same source [see ad on page 16].

NOTES AND REFERENCES

[1] Spencer H. MacCallum *THE ART OF COMMUNITY* (Menlo Park, Calif.: Institute For Humane Studies, Inc., 1970).

[2] Spencer Heath *CITADEL, MARKET AND ALTAR* (Baltimore, Md.: The Science of Society Foundation, Inc., 1957).

[3] MacCallum *op. cit.*, p. 2

[4] *Ibid.*, p. 3

[5] *Ibid.*, p. 85.

[6] Jane Jacobs, *THE ECONOMY OF CITIES* (New York; Vintage Books, 1970).

[7] *Ibid.*, p. 62

[8] MacCallum, *op. cit.*, p. 63-64.

[9] *Ibid.*, p. 56.

[10] *Ibid.*, p. 102.

[11] Readers of *THE ART OF COMMUNITY* may be interested in a further paper recently published by Spencer MacCallum containing actual case studies of dispute resolutions in shopping centers. This appears as the lead article in the Spring, 1971, issue of *HUMAN ORGANIZATION*, The Journal of the Society for Applied Anthropology, (Vol. 30, No. 1, pp. 3-10).

Joseph A. Gilly is a California-based urban planner. He is an Associate Member of the American Institute of Planners.

Arcology: The City in the Image Of Man

by Paolo Soleri (Cambridge: MIT Press, 1970), 122 pp., $25.00

Reviewed by DICK PIERCE

The architectural genius of the first half of the 20th century was unquestionably Frank Lloyd Wright. Like fictional innovator Howard Roark, Wright smashed the conventions of a profession then mired in the past and created an entirely new school of "organic" architecture. To Wright, architecture was not a matter of decorating boxes called buildings; rather, it was a question of determining the functions required of the structure and shaping the spaces accordingly. This functional approach revolutionized architecture and formed the basis for much of modern systems analysis.

Today, problems of buildings are routinely solved; the challenge lies not in the structure of buildings but in the larger structure of our cities themselves.

While our major cities decay and stagnate, new suburbs (in many cases instant slums) sprawl at an accelerating pace across the landscape. Open space disappears, traffic jams proliferate, and a whole generation grows up with no concept of *community*. Critics disagree on the causes and solutions, but most agree that the structure of our urban areas is somehow not meeting people's needs. Were Wright—or Roark—to begin his career today, very likely it would be *this* problem to which he would direct his creative energies. It is not too surprising, then, to learn that the most daring solutions to the urban design problem are coming today from one of Wright's former students.

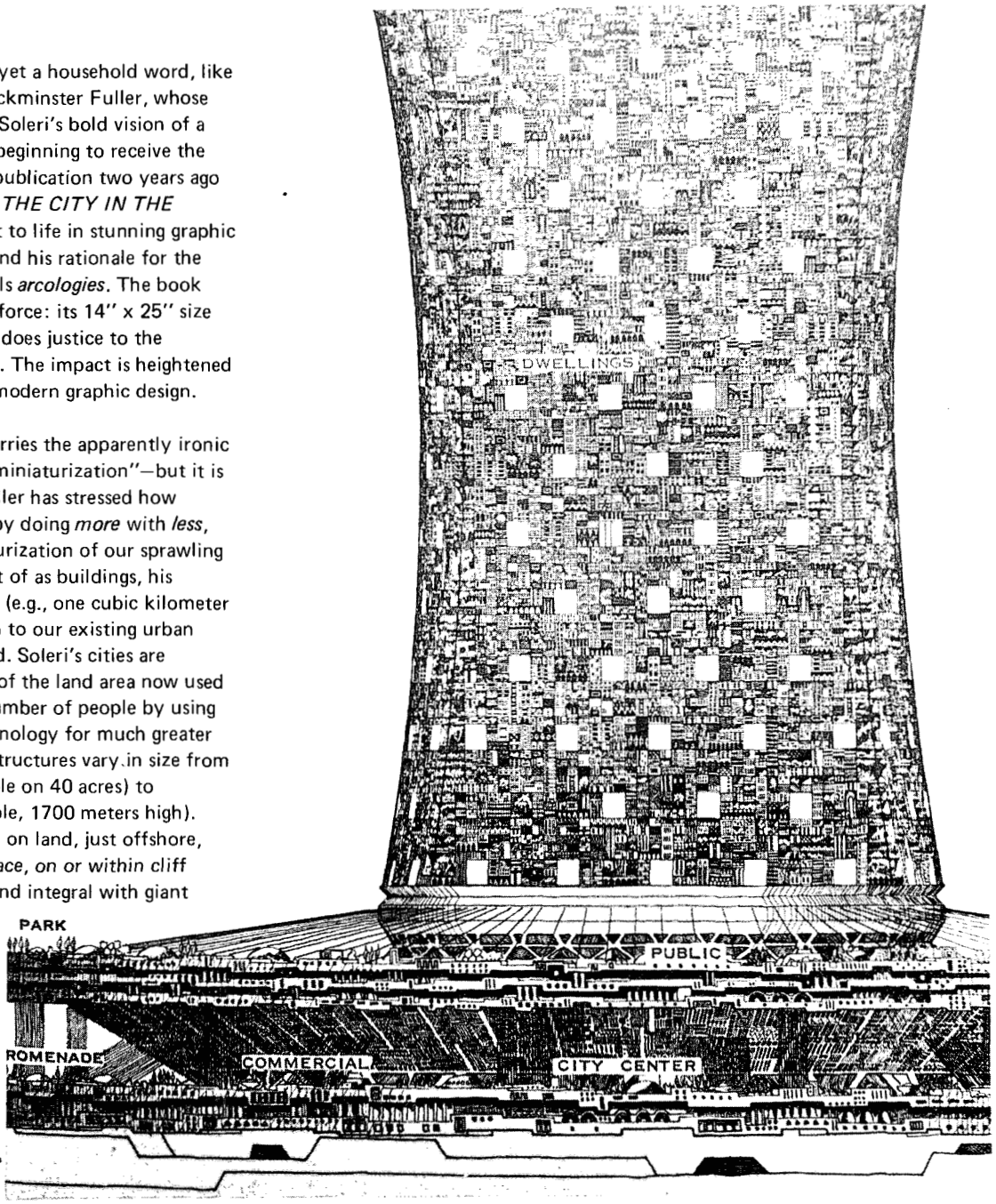
ARCOLOGIES

Paolo Soleri's name is not yet a household word, like Frank Lloyd Wright or Buckminster Fuller, whose intellectual heir he is. But Soleri's bold vision of a new kind of city is at last beginning to receive the publicity it deserves. The publication two years ago of his book *ARCOLOGY: THE CITY IN THE IMAGE OF MAN*, brought to life in stunning graphic form his design concepts and his rationale for the giant city-structures he calls *arcologies*. The book itself is an artistic tour de force: its 14" x 25" size (14" x 50" when opened) does justice to the enormity of Soleri's vision. The impact is heightened by the MIT Press's clean, modern graphic design.

The book's frontispiece carries the apparently ironic line, "This book is about miniaturization"—but it is no joke. Just as Bucky Fuller has stressed how technology has advanced by doing *more* with *less*, Soleri is calling for miniaturization of our sprawling urban landscapes. Thought of as buildings, his arcologies are indeed huge (e.g., one cubic kilometer in size), but in comparison to our existing urban areas they are miniaturized. Soleri's cities are designed to use only 10% of the land area now used to provide for the same number of people by using three dimensions and technology for much greater efficiency in design. The structures vary in size from Arcvillage II (30,000 people on 40 acres) to Babelnoah (6 million people, 1700 meters high). They are located variously on land, just offshore, floating on the ocean surface, on or within cliff walls, spanning canyons, and integral with giant dams.

LOVE

Arcology is a coined word, meaning ecological architecture. Soleri's vision is ecological in a multi-faceted way: first, his structures represent a total, "organic" environment for man—an "unmistakable expression of man the maker and man the creator," yet far more than merely a monument. The whole idea is to produce a truly *functional* environment for man, to provide convenient access to all the goods and services man requires within a single close-at-hand environment. At the same time, its purpose is also to preserve the surrounding environment in its near-natural state, for the enjoyment of all the residents. It does this by the totality and efficiency of its design. Finally, it also



12.Babel IID

Babel IID (Flat or hilly land)	
Population	550,000
Density	842/hectare; 341/acre
Height	1,950 meters
Diameter	3,000 meters
Surface covered	630 hectares; 1,555 acres
1. Elevation: scale (two variations)	1:5,000

exists to provide an aesthetic environment for man—by design. "Lovableness is the key to a living city. A lovely city is not an accident, as a lovely person is not an accident." Soleri sums up his case for a new urban architecture as follows:

> The liveliness of man's world is hindered by the physical extension of his shelter and the spatial dilution of his institutions. Life is in the *thick* of things . . . richer is the life where greater is the complexity . . . . The city must then be predicated on compactness. Lack of compactness is lack of efficiency. The compact city is a three-dimensional city . . . [it] is respectful of the earth's sensitized skin. It does not spread an inorganic crust over the vital green carpet of earth. In the three-dimensional city, man defines a human ecology. In it he is a country-dweller and metropolitan man in one. By it the inner and the outer are at "skin" distance. He has made the city in his own image. (p. 9)

An obvious objection to the idea of massive, densely-populated city—structures is the analogy with anthills, beehives, and other mindless collective groupings. Soleri anticipates such objections. "The fundamental distinction," he writes, between these and an arcology is that the latter contains "not just brains by the score, but also *minds* by the score." Indeed, full opportunity for contact and interaction with other minds is one of the things an arcology seeks to maximize. Soleri suggests that anthill critics "might want to glance at nightmarish suburbia with its six billion individuals; but it is their privilege not to reason about mankind and the staggering logistics it is faced with." (p. 12)

LOGISTICS

It is logistics, more than any other factor, that makes the case against suburbia (or, more precisely, megalopolis) so compelling. Currently, these problems are solved by a curious and chaotic mixture of local governments, monopoly utilities and the free market. But can this interplay of real estate speculators, subdividers, zoning boards, water districts, highway departments, *etc.* actually produce a good environment for living? In some ways, of course, this "system" is remarkably responsive to changing demands and economic factors, but only at the price of gross inefficiency from a system design standpoint. Consider the typical urban area controversies: where (or whether) to run sewer lines, who is to pay for undergrounding of utility wires, how to widen a freeway to meet the demand without destroying homes, how to let kids walk safely to school despite high-density traffic, where and how to dispose of garbage and trash, etc., etc. Each of these problems must be solved, as it occurs, on an ad-hoc basis, because the megalopolis has "just grown" and there is no "system," no *design* there to begin with. No one would think of moving into an office building whose wiring, plumbing, and elevator systems were managed in this fashion.

Or consider the kinds of items included on city managers' *wish lists* of technological breakthroughs —such items as:

- an efficient device to disintegrate pavement quietly;
- a more effective method for finding underground utility lines;
- a portable device to measure the volume of waste flowing in a sewer;
- a soil stabilizer to use on unpaved roads and alleys;
- a low-cost material to remove or prevent the formation of ice on pavement.

All of these "solutions" deal only with the symptoms of the lack of systems engineering in megalopolis. The electrical, water, sewage, transportation, and communications "systems" of megalopolis are a nightmare tangle of inefficiency. One of the most impressive features of the proposed arcologies is their superb plumbing networks—preplanned, integrated, automated systems for all the utilities and for transportation, both vertically and horizontally.

Attempting to add such systems onto an existing urban area is incredibly costly, not only in dollars, but in social and political infighting. Soleri's solution is far simpler and more efficient (since all the distances involved are an order of magnitude smaller than their urban counterparts). The city officials and urban lobbyists who are pushing the above-listed "solutions" to urban ills are calling for a massive federal R & D program to develop these devices. Sinking the taxpayers' money into such costly, inefficient short-run items would be an incredible waste. And, of course, the tax money used for such a program would be drawn from the available financial resources—private or otherwise—which might be used to construct *real* solutions, such as arcologies.

MEGALOPOLIS

Besides its gross inefficiency in terms of transportation, communications, and utility systems, megalopolis has two additional major disadvantages —the loss of community and the destruction of the natural environment. Whole generations of human beings are today growing up in the rootless, sterile sameness of one crackerbox subdivision after another,missing any semblance of culture and broad human interaction. Equally as serious is the

voracious appetite of megalopolis for land. More and more, open space anywhere within reach of people's homes is falling to the bulldozers, to the point where some citizens are pressing city governments to buy up what little remains as a "public trust." Once again, a very real human want is being frustrated by the present system's unconcern with providing any sort of quality environment.

Both of these concerns—community and environment—are central to the arcology concept.

> To be exposed early in life to the complex workings of the individual and of society, to have a substantial reach for all those things and institutions that make metropolitan life rewarding, to be able at the same time to seek and be in the midst of nature, to enjoy the limitless and meaningful variety the life of society may produce for itself and the individual, are all built-in characteristics of arcology. (p. 31)

And:

> The compactness of arcology gives back to farming and to land conservation 90 per cent or more of the land that megalopolis and suburbia are engulfing in their sprawl. To be a city dweller and a country man at one and the same time, to be able to partake fully of both city and country life, will make the arcology a place in which man will want to live. (p. 31)

What then are the prospects for arcologies actually to come into being? In a limited way the precursors of arcology already exist. As Soleri points out, ocean liners present a crude, small-scale version of the planned, self-contained city, albeit a temporary, single-purpose "community." Then, too, some of the largest skyscrapers are beginning to take on the characteristics of small cities. Chicago's new 100-story John Hancock Building combines commercial offices, homes, and service facilities (grocery, laundramats, and a jeweler). Thus far only 15 of the apartment tenants also work in the building, but the potential exists for the "community" to be virtually self-contained. In the horizontal dimension, major new shopping centers are being built fully enclosed, with their own powerplants, total climate control, office space, apartments, churches, auditoriums, etc. Thus, the initial functional and behavioral trends toward arcology seem to be being established. The technology for life support, utility and transportation systems, and recycling will be given impetus by upcoming NASA orbiting space station development.

PATTERNS

Soleri himself has a development plan in mind: no huge federal program, no "national commitments" or other statist rhetoric for him. "It is most reasonable to begin somewhere with an island of functional sanity and let the pattern spread according to its own merits, neither coerced nor coercing." Accordingly, he is attempting to raise capital for a prototype arcology, called Arcosanti, to be built 60 miles north of his current encampment in Scottsdale, Arizona. Arcosanti, which would house 1,500 people, would serve as a prototype and testing ground for the structural, environmental, and social concepts basic to arcologies. All that is now required is the funding and the systems engineering skills actually to organize the planning and construction of Arcosanti. Prudential Insurance has shown some initial interest, sponsoring an exhibition of Soleri's drawings and models, backed up by national advertising. But more than just publicity is needed now.

Where are the businessmen with the courage and vision to support such an experiment? Our future urban health could depend on whether (and how soon) they come forward.

Dick Pierce is a physical scientist with a California research firm. His article "Futurology—the Coming Thing" appeared in the June 1971 issue of REASON.

NEW SCHOOLS EXCHANGE
701 B Anacapa Street
Santa Barbara, Calif. 93101

The New Schools Exchange is a central resource for the exchange of ideas and information about alternatives in education in the United States and Canada. We have published the work of Ivan Illich, George Dennison, John Holt, Jim Herndon, Jonothan Kozol, Peter Marin, etc. Perhaps even more important, we have printed information and strategies about education from people working in all kinds of schools across the country. The Newsletter includes lists of Alternative Schools, and a section for people seeking places and places seeking people. If you have something to learn concerning experimental education, you will enjoy being a part of the New Schools Exchange. Join us now. The Newsletter is published twice a month and a subscription is $10.00 a year. (We don't publish during July and August.)

trends

REPEALING ZONING

The stir created by the publication of Bernard H. Siegan's now-classic paper "Non-Zoning in Houston" two years ago this month continues to grow. Recent months have seen the publication of two further articles on zoning, both by lawyers and both arguing for outright repeal of zoning laws.

The first, by David J. Mandel, appeared in the December 1971 issue of *THE ARCHITECTURAL FORUM*. Mr. Mandel, formerly a policy consultant at the Hudson Institute, examined specifically the New York City comprehensive zoning code of 1916, which became the model for most subsequent municipal zoning laws. He traces the history of New York's construction since the code was enacted, showing how the inflexibility of zoning and its tendency to look to the past rather than to the future for solutions are reflected in countless ways in today's buildings and neighborhoods.

Mandel challenges zoning's claim to fairness, pointing out that "zoning grants to a local majority the right to exclude, which is the essence of ownership." He also deflates the major theoretical justicication for zoning—the problem of externalities or "overflowing uses," by pointing out the inefficiency of dealing with questions of *nuisance* by "quarantining the patient instead of trying to cure the disease." On the alleged need for zoning because of complexity, Mandel writes, "To argue that the huge size and complexity of modern cities makes imperative the imposition of zoning is quite untrue. The larger and more complex the ecosystem the less likely that it can be controlled by plans set years before."

While Mandel's article is probably the most concise and quotable summary of the case against zoning yet to appear, a more detailed article is available, complete with 122 valuable references. This is the recent article in the *SOUTHERN CALIFORNIA LAW REVIEW* by John M. Ross. Ross examines the various uses to which zoning is typically put. He questions the usefulness of zoning as a means of dealing with externalities and shows how, in addition to this function, zoning "is often an instrument for discrimination and injustice. It is utilized to achieve economic segregation and the exclusion of minorities from well-to-do suburbs, to manipulate commercial activities in communities, and to shield existing enterprises from competition." Each of these points is discussed in detail, and the reader is referred to numerous legal cases and review articles for further details.

In addition to discussing both the practical and theoretical faults of zoning, and the positive harms it creates, Ross presents a critical analysis of the theoretical and legal assumptions underlying zoning, and finds them wanting. Finally, based on the experience of Houston, Ross presents the case for an alternative to zoning— a system for protecting property based on restrictive covenants. The proposed system would accomplish the legitimate objective of zoning, internalizing the costs of externalities, without imposing the onerous social costs and rights violations inherent in zoning. Ross' article is a powerful arsenal of intellectual ammunition in defense of voluntary, contractual social relations.

SOURCES:

"Non-Zoning in Houston," Bernard H. Siegan, *JOURNAL OF LAW AND ECONOMICS*, April 1970, p. 71.

"Zoning Laws: The Case for Repeal," David J. Mandel, *THE ARCHITECTURAL FORUM*, December 1971, p. 58.

"Land Use Control in Metropolitan Areas: The Failure of Zoning and a Proposed Alternative," John M. Ross, *SOUTHERN CALIFORNIA LAW REVIEW*, Vol. 45:335, 1972, p. 335.

UNDERCUTTING THE FHA

When the Depression wiped out many companies that insured home mortgages, the federal government set up the Federal Housing Administration (FHA), which soon pre-empted the field. By the late 50s, however, the FHA's red tape and rigid rules caught up with it, in the form of aggressive competition. A Milwaukee lawyer named Max Karl noticed that the FHA's ceiling of 5% on the allowable interest that lenders could charge on FHA-insured mortgages was far below the free-market level, thereby artificially restricting the number of loans made. Sensing a profit opportunity, Karl founded Mortgage Guarantee Investment Corporation to insure mortgages at free-market levels.

To compete successfully with the federal government, MGIC had to do its homework carefully. Karl first had to spend years convincing state legislatures to repeal laws forbidding private companies from insuring mortgages. Today only New York still prohibits MGIC-type operations. Karl also had to develop operating procedures that would provide reasonable security, but without FHA-type red tape. Today MGIC provides *24-hour* turnaround on home loan insurance, compared with the FHA's minimum of *one month*. Together MGIC and its seven competitors now handle about 50% of what was formerly the FHA's monopoly business.

If the future growth of private mortgage insurance is anything like that of the last 10 years the FHA's days could well be numbered.

SOURCE:

"Karl the Magic Man," *TIME*, 17 January 1972.

publisher's notes

•Voters in California will have a chance this year to vote on the repeal of anti-marijuana laws if enough signatures are received on the "Marijuana Initiative" petitions currently being circulated. To obtain copies of the petition, write directly to:

California Marijuana Initiative
2221 Filbert Street
San Francisco, CA 94123
or
2214 Sunset Blvd.
Los Angeles, CA 90026
(213) 627-2694

Petitions must be completed and returned by 1 May 1972.

• Senator Gordon Allott of Colorado has joined the ranks of the Congressmen introducing bills to return to individuals their right to own gold. Allott correctly contends that the government has no right to deny citizens the right to hold gold to protect themselves against "an inflation which governments start, and which governments cannot cure."

Meanwhile, on 9 February Jay Shields and Bruce Schlafly of the National Committee to Legalize Gold held a news conference in St. Louis. After presenting their case for legalized gold ownership, they challenged the Gold Reserve Act of 1934 by displaying a two-ounce gold bar and a one-ounce $50 gold coin—both privately owned and hence outlawed by the Act. Federal officials, who had been invited, failed to appear at the news conference, which received excellent coverage by radio, TV and the *ST. LOUIS POST-DISPATCH*.

letters

FAMED AUTHOR WRITES

Thank you very much for the copy of your interesting magazine. Needless to say, it delighted me to see Mr. Costello's article. (REASON, January 1972)

With no desire to be ungracious, I might nevertheless point out a couple of small errors in this generally excellent piece. It was not Edmond Hamilton but Jack Williamson who created Giles Habibula. The stories "Strange Bedfellows" ("To Build A World") and "Memory" ("A World Called Maanerek") do not belong to my "future history" series. However, one cannot really fault Mr. Costello for saying so, because they do look as if they ought to fit in, and to prove otherwise from internal evidence would be more trouble than it's worth.

Finally, I don't consider my philosophy "dour," being in fact a generally cheerful fellow. But of course this is a matter of subjective interpretation rather than objective truth.

All the above is the merest nitpicking. It was not only gratifying but encouraging to see such an intelligent interest taken in my work. I am an entertainer, not a missionary—yet every writer inevitably expresses something of his personal worldview and value system. Surprisingly many readers, especially younger ones, seem to like my generally libertarian and rationalistic ideas. Who knows but that there are enough of them to give us grounds for hope?

Best Wishes,
Poul Anderson
Orinda, Calif.

"SMOG" PRAISED

John D. Ockert, highly articulate Southern California mathematics teacher, in his article, "Save Our Smog" (*REASON*, January 1972) not only recognizes the true dimensions and thrust of the problem, but also offers a solution, apparently hitherto unthought of by our esteemed politicians. The bit about Mexico was somewhat obscure, but I am still working on it. Either I am being overcome by percipient vitiation (I, too, live in the smog belt) or a small misprint has worked its way into the last part of the paragraph. If the latter be the case—for shame! A dominie, such as Mr. Ockert seems to be, whose quintessential aptitude for composition surpasses all bounds, appears once in a century—and you goof it up! How un*REASON*able to misplace an article in such an article! I realize deadline limitations will probably preclude your printing this letter, but I have decided to write anyway to say, "Let's have more of Mr. Ockert, he's great".

Ralph H. Steffen
Sepulveda, Calif.

SOVIET MEDICINE

I enjoyed reading Dr. Hospers' reflections on his visit to the Soviet Union (*REASON*, January 1972) and found that his impressions coincided generally with those of several other persons who have returned recently from the USSR and whose reports I have heard.

I do fault Dr. Hospers in two particulars, however.

First, his treatment of the subject of medical care in the Soviet Union is superficial to the point of being misleading. Granted that was not the principal topic of his paper, it might have been better for him to ignore the subject altogether than to give it such inadequate treatment. Medical care in the USSR *is* free to the patient (though a libertarian such as Dr. Hospers should at least recognize and comment on the fact that it is *not* free to the patient's alter-ego, the taxpayer), but it is most assuredly not "excellent." Mortality rates in the Soviet Union are uniformly higher than in the United States; babies are still delivered by midwife; except in a few showplace research centers, equipment and facilities are outdated and inadequate (American physicians who toured Russia in 1968 reported finding hospitals "unbelievably barren," unclean, and poorly maintained; laboratories skimpily equipped—about on a par with American hospitals of 30-40 years before; multiple operations conducted simultaneously in the same operating room; old, obsolete, unsterile blood transfusion tubing, etc. Of course, not all hospitals were the same, but the doctors rated Soviet medical facilities as inferior to those in other countries they had visited—Poland, Czechoslovakia, and West Germany—and far inferior to U.S. medicine. Russell Roth, a prominent U.S. urologist, reported after a 1972 tour that the Soviet system provides excellent mobile emergency care and has a plentiful supply of physicians, but that facilities are poorly distributed (only large regional hospitals were equipped to handle any

I do not fault Dr. Hospers' intent, but suggest that he might have better realized the superficiality of his view of the Soviet medical system and thus declined to present what may be misleading conclusions.

One final point! I agree with REASON's opening comments about the desirability of a realistic portrayal of Soviet life but respectfully suggest that Dr. Hospers may have leaned too far to avoid a black portrait, thus fleeing from reality in the other direction. I have read all of Solzhenitsyn's novels and the Kostoglotovs, Nerzhins, and Nemovs will remain with me a long time.

Marvin H. Edwards
Editor, *PRIVATE PRACTICE MAGAZINE*
Oklahoma City, Okla.

PATENT QUESTION: STILL OPEN

I disagree completely with Ronald E. Merrill's ideas as presented in his article, "The Patent Question: Ownership and Innovation," in *REASON* (January, 1972).

The "real idea" may exist in a man's mind, but it can be written down on pieces of paper and communicated to others. How can anybody who uses words on so many "dirty pieces of paper" write an article purporting somehow to reject written ideas? This is much the same kind of inconsistency found in people who try to refute cause and effect while using a logical chain of connection! Any person who sincerely believes that ideas can have no kind of existence if written on paper should never become a writer of articles for magazines with such names as *REASON*! He should become a mystic, instead.

I am surprised at your magazine for printing an article which supports the unearned takeover of intellectual property with the faulty reasoning that merely to comprehend an idea is in some way to create it!

Lorna B. Ravanal
Detroit, Mich.

Ronald E. Merrill makes some excellent observations in his article on patents but inexplicably avoids the logical conclusions. The excellent observations to which I refer are:

1) ... there is no such thing as an "idea" just floating around in the void; every idea exists in somebody's mind.

2) This is why ideas cannot be economic goods; they are not transferable .... The idea, in short, cannot get into [another person's] mind by *transfer*—it can get there only by being *created* by [the other person]. (original emphasis) 3) I own the ideas in my mind; you own the ideas in yours; I created mine; you created yours.

From the above it should be clear that any person who reconstructs the idea of a widget from inspecting a widget on a store shelf is as entitled as anyone else to manufacture widgets himself and owes nobody payment for what is actually his own idea.

Now it is important to note, as Merrill seems to recognize, that a teacher cannot teach his (nontransferable) ideas to a student. That what a student actually "learns," with the help of the teacher, are his *own* ideas. Yet Merrill refers to the "disclosure contract" as "a contract between the inventor and the people to whom he teaches his idea." Also Merrill conspicuously neglects to notice that this contract is not binding on those not a party to it.

In this important respect the disclosure contract does not, contrary to Merrill's claims, amount to a copyright. Likewise, the "production contract" is solely between an inventor and those manufacturers willing to agree to the contract. Finally, the "certification contract" merely certifies that a person developed an idea without being taught. Provided it is possible to determine such a fact, it would only be, at most, of historical interest and devoid of legal significance.

Merrill, by postulating that a patent consists of these three types of contract taken in conjunction attempts to equate patents with protection of property rights of ideas. Yet patents clearly go beyond the limits of these contracts. Moreover, as Merrill himself explicitly states, "[ideas] can be neither sold nor stolen." Hence, whatever patents prevent it is not the violation of property rights.

Craig Busse
Berwyn, Illinois

AUTHOR REPLIES

Ms. Ravanal's letter hardly merits detailed discussion. Her claim that I reject the possibility of communication by writing is simply false-to-fact, as can be seen by reference to my article. Her assertion that I support "the unearned takeover of intellectual property" is also false but has at least the merit of being debatable—or would, if she offered any support whatsoever for this conclusion. As for the relation between comprehension and creation of an idea, I dealt with this topic at some length in my article, and I am forced to say that I cannot make my views any clearer than I have.

Mr. Busse makes the common error confusing ownership of the idea with ownership of the widget. It is true that the person in his example does not owe the inventor payment for the inventor's idea—but he does owe him payment for his *labor* in inventing the widget.

I did not "recognize" that the service of teaching does not exist. (If it doesn't MIT owes me about a $10,000 refund!) Assisting somebody in reasoning is a service, for which the inventor is entitled to payment.

The disclosure contract is binding on those who are parties to it; to wit: those to whom the invention is *disclosed*—not just those who buy a sample. The same is true of copyrights; whether you buy a book or check it out of the library, you are forbidden to reprint it.

Patents *do* protect property rights; the inventor's rights, not to his ideas (which are immune to theft) but to his payment for his labor (which is not). If your employer refuses to give you your monthly pay he is violating your property rights—by stealing your paycheck. The person who copies an invention without paying royalties is committing the same crime.

Ronald E. Merrill

classifieds

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WANTED: BOOKS and records published by NBI. Send item and price. Please reply Box EE, *REASON* Magazine.

YOUNG MAN of a libertarian viewpoint, good looking, wishes to exchange views with any gals whose interests range from philosophy and applied technology to mobile retreatism (Vonulife), *ANY* students and/or young adults with a variety of interests (on new ideas). Box BB, *REASON*.

SINGLE MALE, 27 years of age, is interested in meeting psychologically healthy female. Box 00, *REASON* Magazine.

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MAN 26 advocate of objectivism is looking for philosophically compatible woman for romantic relationship. Reply Box RR, *REASON* Magazine.

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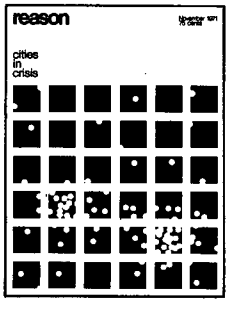

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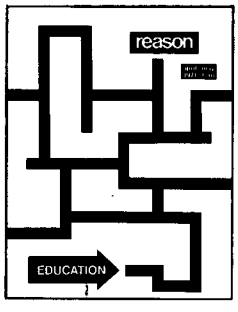

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